



天虹紡織集團有限公司  
TEXHONG TEXTILE GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

Stock Code 股份代號 : 2678

Annual Report 2019  
年報



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# 財務摘要

## FINANCIAL HIGHLIGHTS

### OPERATING PERFORMANCE DATA

### 經營表現數據

		2019	2018		2017	2016	2015
		二零一九年	二零一八年	Change	二零一七年	二零一六年	二零一五年
For the year ended 31 December		RMB'000	RMB'000		RMB'000	RMB'000	RMB'000
截至十二月三十一日止年度		人民幣千元	人民幣千元	變動	人民幣千元	人民幣千元	人民幣千元
Revenue	收入	22,002,943	19,155,709	14.9%	16,306,375	13,647,737	10,574,854
Gross profit	毛利	2,993,437	3,145,825	-4.8%	2,439,959	2,645,143	1,905,832
Profit for the year	年度溢利	922,749	1,167,943	-21.0%	1,174,725	1,201,073	588,968
Profit attributable to shareholders	股東應佔溢利	883,726	1,163,092	-24.0%	1,151,862	1,187,531	590,826
Earnings per share	每股盈利						
— Basic	— 基本	RMB 人民幣 0.97 元	RMB 人民幣 1.27 元	-23.6%	RMB 人民幣 1.26 元	RMB 人民幣 1.33 元	RMB 人民幣 0.67 元
— Diluted	— 攤薄	RMB 人民幣 0.97 元	RMB 人民幣 1.27 元	-23.6%	RMB 人民幣 1.26 元	RMB 人民幣 1.33 元	RMB 人民幣 0.67 元

### FINANCIAL POSITION DATA

### 財務狀況數據

		2019	2018		2017	2016	2015
		二零一九年	二零一八年	Change	二零一七年	二零一六年	二零一五年
As at 31 December		RMB'000	RMB'000		RMB'000	RMB'000	RMB'000
於十二月三十一日		人民幣千元	人民幣千元	變動	人民幣千元	人民幣千元	人民幣千元
Total assets	總資產	21,174,661	18,770,015	12.8%	15,534,431	15,284,349	11,401,097
Non-current assets	非流動資產	11,374,054	9,336,032	21.8%	7,813,552	7,142,656	5,773,867
Current assets	流動資產	9,800,607	9,433,983	3.9%	7,720,879	8,141,693	5,627,230
Total liabilities	總負債	13,075,286	11,933,193	9.6%	9,558,718	10,092,905	7,462,528
Current liabilities	流動負債	7,583,220	6,773,423	12.0%	6,420,730	7,419,903	4,625,335
Non-current liabilities	非流動負債	5,492,066	5,159,770	6.4%	3,137,988	2,673,002	2,837,193
Net current assets	流動資產淨值	2,217,387	2,660,560	-16.7%	1,300,149	721,790	1,001,895
Net assets	資產淨值	8,099,375	6,836,822	18.5%	5,975,713	5,191,444	3,938,569
Equity attributable to shareholders	股東應佔權益	7,473,456	6,738,637	10.9%	5,910,127	5,148,721	3,911,155

### FINANCIAL INDICATORS

### 財務指標

For the year ended 31 December		2019	2018	2017	2016	2015
截至十二月三十一日止年度		二零一九年	二零一八年	二零一七年	二零一六年	二零一五年
Inventory turnover days	存貨周轉天數	98	101	87	79	73
Trade and bill receivables turnover days	應收貿易及票據款項周轉天數	27	32	36	35	40
Trade and bill payables turnover days	應付貿易及票據款項周轉天數	62	73	78	87	82
Current ratio	流動比率	1.3	1.4	1.2	1.1	1.2
Net debt to equity ratio (Note 1)	負債淨額權益比率(附註1)	0.86	0.88	0.68	0.80	0.48
Return on equity (Note 2)	權益回報率(附註2)	12%	18%	21%	26%	16%

Note 1: Based on total borrowings net of cash and cash equivalents and pledged bank deposits over equity attributable to shareholders at each year end.

附註1：根據各年終時的借貸總額扣除現金及現金等值物以及已抵押銀行存款除以股東應佔權益計算得出。

Note 2: Based on each year's profit attributable to shareholders over the average of the equity attributable to shareholders at the beginning and ending of the financial year.

附註2：根據各年的股東應佔溢利除以該財政年度年初及年終股東應佔權益之平均數計算得出。



# 企業簡介及架構

## CORPORATE PROFILE AND STRUCTURE



Xuzhou Texhong Intelligence Textile Company Limited  
徐州天虹智能紡織有限公司

### CORPORATE PROFILE

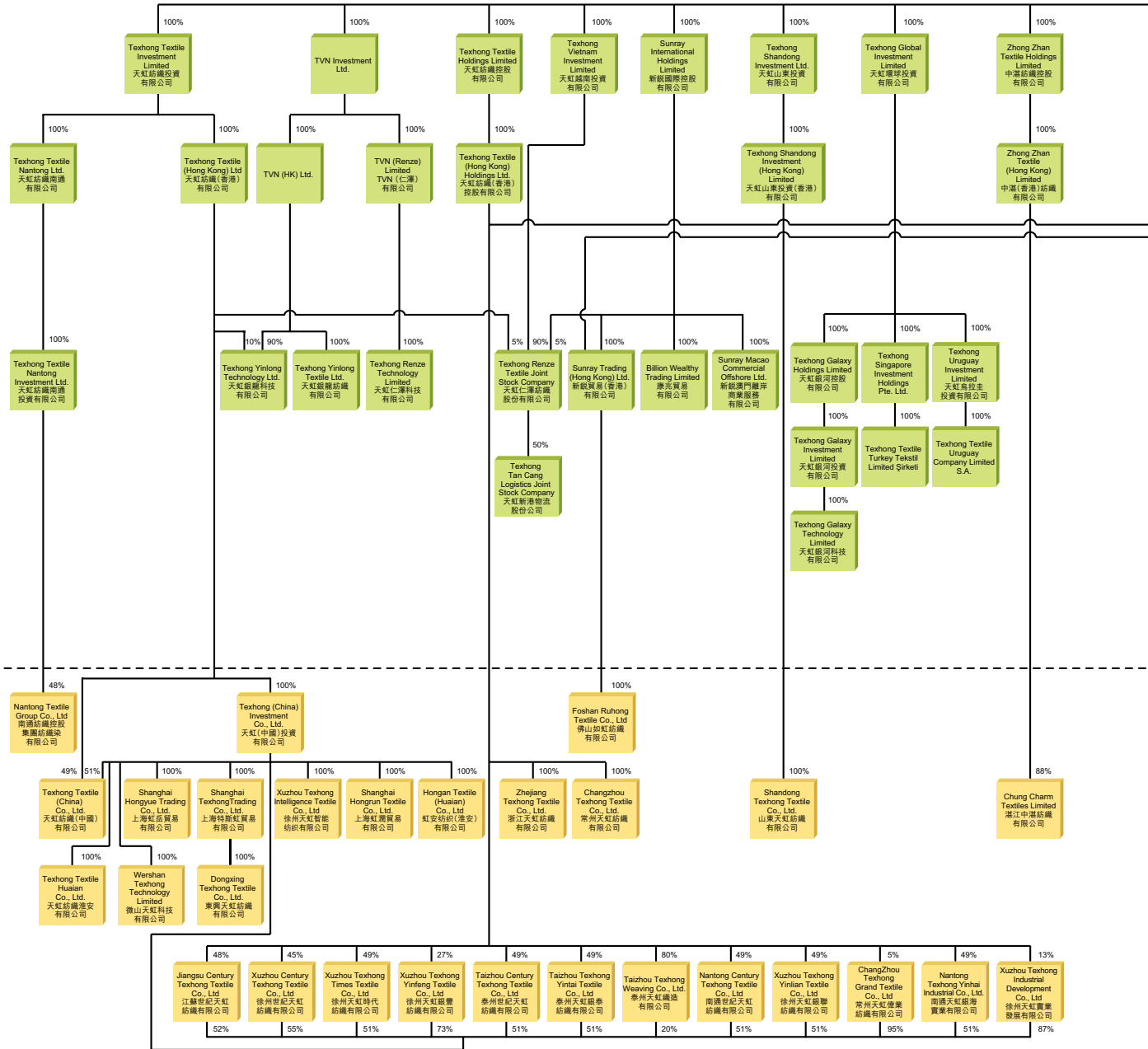
Texhong Textile Group Limited (the “Company”, together with its subsidiaries, the “Group”) (stock code: 2678) is one of the largest cotton textile manufacturers in the People’s Republic of China (“China” or the “PRC”) and is a leading textile enterprise focusing on manufacturing high value-added core-spun textile products. The Group is principally engaged in the manufacture and distribution of quality yarns, grey fabrics, garment fabrics as well as garments, especially high value-added core-spun yarns. Since 1997, the Group has grown rapidly and has over 5,000 customers in China and overseas, with its sales network spanning across the PRC, Vietnam, North America, Europe, Brazil, Turkey, Bangladesh, Japan and South Korea. With its sales headquarter established in Shanghai, the Group has production bases in operation in the PRC, Vietnam, Nicaragua and Turkey respectively, with major production facilities comprising about 4.0 million spindles and 1,819 weaving and knitting machines as of 31 December 2019.

### 企業簡介

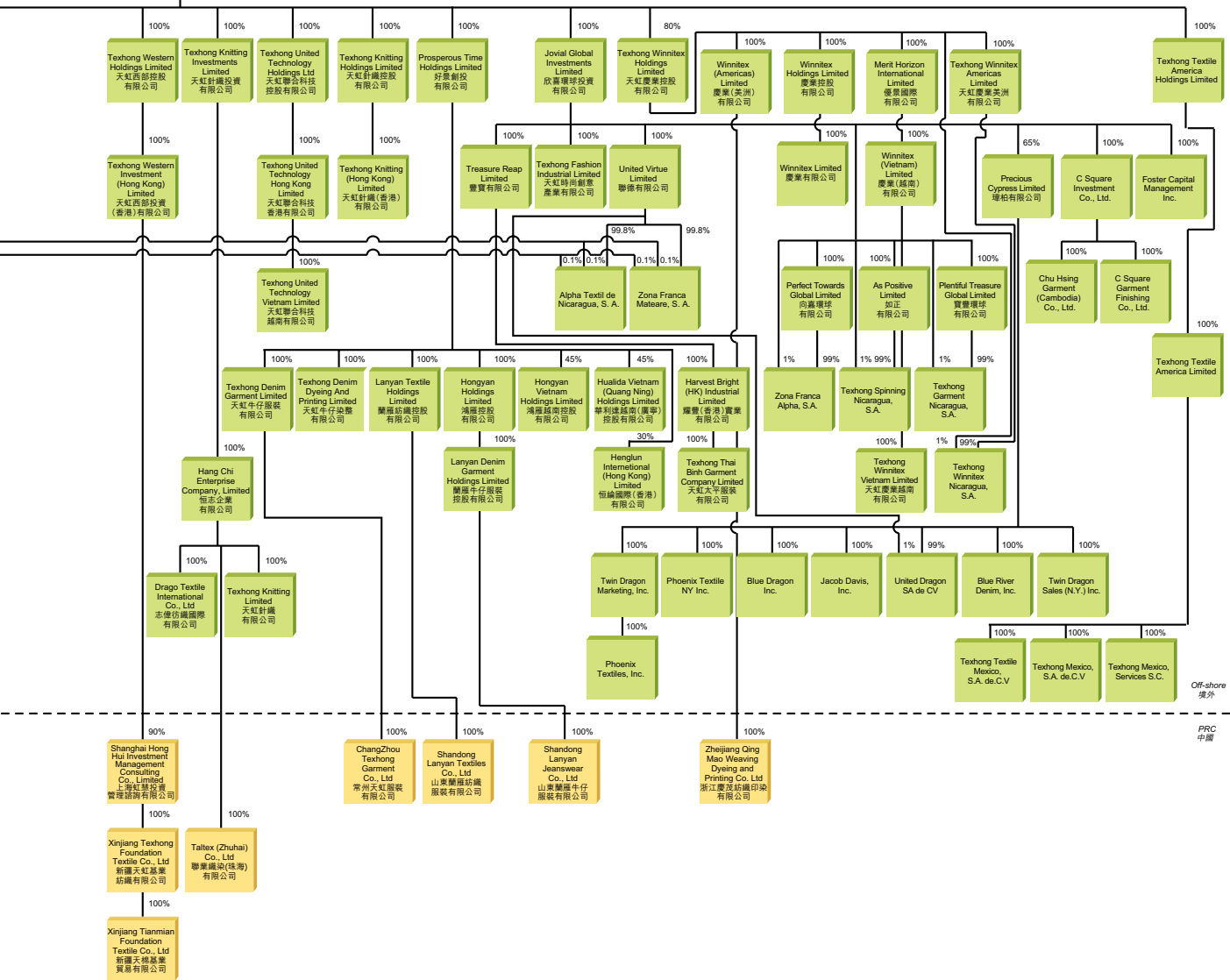
天虹紡織集團有限公司(「本公司」，連同其附屬公司統稱「本集團」)(股份代號：2678)是中華人民共和國(「中國」)最大的棉紡織品製造商之一，更是中國領先的高附加值包芯紡織產品生產企業。本集團的主要業務為製造及銷售優質紗線、坯布、面料和服裝，尤其專注生產具有高附加值的包芯紗線。自一九九七年始，本集團業務發展迅速，更擁有超過5,000個國內外客戶，銷售網絡遍及中國、越南、北美、歐洲、巴西、土耳其、孟加拉、日本及南韓。本集團以上海為銷售總部，於中國、越南、尼加拉瓜及土耳其均有運行中的生產基地，截至二零一九年十二月三十一日，主要生產設施包括大約400萬紗錠及1,819台梭織及針織織機。

# 企業簡介及架構

## CORPORATE PROFILE AND STRUCTURE



**Texhong Textile Group Limited**  
 (Stock Code on the  
 Hong Kong Stock Exchange: 2678)  
 天虹紡織集團有限公司  
 (香港聯交所股份代號: 2678)





# 主席報告書

## CHAIRMAN'S STATEMENT



**Hong Tianzhu 洪天祝**  
*Chairman 主席*

On behalf of the Company's board of directors (the "Board"), I am pleased to present the annual results of the Group for the year ended 31 December 2019 to the shareholders of the Company.

本人謹代表本公司董事會（「董事會」），欣然向本公司股東呈列本集團截至二零一九年十二月三十一日止年度的全年業績。



# 主席報告書 CHAIRMAN'S STATEMENT

## RESULTS

Since the Sino-US trade negotiation came to a standstill in May 2019, the US has threatened to impose additional tariffs on all Chinese-made goods and China has also taken retaliatory action to raise tariffs on US goods. Although the two parties finally orally confirmed the progress of the negotiation in December and signed the phase one agreement in January 2020, tariffs imposed by the US on some Chinese goods was still higher than that before May 2019, and there was no sign of reduction of tariffs before the conclusion of the second phase trade deal. Such actions of the US has had an adverse impact on the textile market in China in 2019. Confidence of brand operators and enterprises in the industrial chain were substantially eroded. Apart from those factories with exclusive product development that is hardly replaceable, almost every company in the textile industry in China experienced rapid declines in operating revenue and profits, or even suffered losses.

Amidst market adversity, the Group adjusted its product mix based on more than 20 years of industry experience in respond to changes in dynamic market demand, with the premise of maximizing capacity utilization, and effectively reduced inventories and ensured operating capacity of workers to avoid loss of skilled workers, under the vicious cycle of falling prices of raw materials and finished products. Despite a difficult operating environment and the commencement of operation of 1 million new spindles in the past two years, such strategy was still effective. Sales volume of yarns reached nearly 750,000 tonnes, which was more than 30,000 tonnes higher than the original target of 720,000 tonnes of 2019. Other business segments of the Group also recorded growth. The Group's turnover exceeded RMB20.0 billion and reached RMB22.0 billion, representing an increase of nearly 15% when compared with last year. Helped by the integration with Winnitex Holdings Limited and Zhejiang Qing Mao Weaving Dyeing Printing Co., Ltd. (collectively "Winnitex Group"), sales of woven dyed fabrics produced by the Group for the year exceeded 100 million metres, with revenue reaching RMB1.86 billion, which was a growth of 200% when compared with last year.

With the commitment of all staff members, the Group's operating revenue reached another record high since its establishment. However, affected by the Sino-US trade friction, the gross profit margin of yarns for the year fell sharply by 4.4 percentage points from 17.9% last year to 13.5%. While gross profit margin of other business segments effectively improved due to the Group's overseas layout and integration of industrial chain, yarn business still accounted for nearly 76% of the Group's total revenue, and therefore, the profit attributable to shareholders of the Group for 2019 was RMB884 million and the basic earnings per share was RMB0.97, representing a year-on-year decrease of 24%.

## 業績

自二零一九年五月中美貿易談判觸礁，美國威脅對所有中國製造商品徵收額外關稅，中國也採取對應的報復行動對美國商品提高關稅，雖然在十二月雙方終於口頭確認談判取得進展，更在二零二零年一月份簽訂首階段協定，但美國仍然對部分中國商品徵收比二零一九年五月份以前更高的關稅，也沒有跡象在第二輪談判取得結果前降低有關關稅。美國有關行動於二零一九年對中國紡織市場造成極大衝擊，品牌營運商以及產業鏈中的企業經營信心受到重創，中國紡織行業內除非在產品開發製造上有獨特性比較難以替代的工廠以外，其餘的基本上無一倖免不管是營業收入及利潤均急速下滑，甚至出現虧損。

在對抗市場逆境時，本集團根據二十多年來的行業經驗，快速按照市場動態需求的變化，調整產品結構以產能利用率最大化為前提，在原材料及產成品的價格不斷下滑的惡行循環下有效消化庫存，也保障了工人的開工率避免流失熟練工。在艱巨的經營環境以及過去兩年新增100萬紗錠全面投產的情況下，有關策略仍能有效發揮作用，紗線銷量比二零一九年原定72萬噸目標還要高出3萬噸達到接近75萬噸，本集團其他各業務板塊均錄得增長，集團營業額突破人民幣200億元達到人民幣220億元，比去年增加接近15%。梭織染色面料受助於與慶業控股有限公司及浙江慶茂紡織印染有限公司（統稱「慶業集團」）的整合，本年度自產梭織染色面料銷售已超過1億米，銷售收入達到人民幣18.6億元，比去年增加兩倍。

雖然在集團全體人員共同努力下營業收入再創出集團成立以來的新高，但受制於中美貿易摩擦的影響，全年紗線毛利率從去年的17.9%大幅下跌4.4個百分點至13.5%。雖然其他業務板塊的毛利率受益於集團海外佈局以及產業鏈一體化有效提升，但由於紗線業務仍然佔集團總收入接近76%，本集團二零一九年度股東應佔溢利為人民幣8.84億元，每股基本盈利人民幣0.97元，按年下跌24%。

# 主席報告書

## CHAIRMAN'S STATEMENT

### OUTLOOK

Looking back at the Sino-US trade disputes over the past year, even though China and the US had signed the phase one trade agreement, the outlook for international trade is still clouded by remaining uncertainties. Coupled with the plight brought about by the outbreak of Coronavirus disease 2019 (COVID-19) across the world in 2020, the global economy and consumer sentiment will certainly be affected, and the operating environment will remain difficult. In order to cope with the uncertainties caused by the Sino-US trade friction, the Group will continue to pursue internationalization as part of its business strategy and vertical integration of the industrial chain to build yarn production bases outside of China for direct access to overseas markets, and continue the construction of three-in-one textile production bases in Vietnam and Nicaragua. On the one hand, it will effectively reduce or alleviate the impact of Sino-U.S. trade friction, and on the other hand, through vertical integration of production of fabrics and even garments, it will improve the overall profit margin and profit stability, alleviating the impact of raw material price fluctuations.

In addition, the Group completed the reorganisation of the knitted fabric management team in 2019 to improve efficiency and strengthen business capabilities and make full use of domestic production capacity to increase sales revenue and profits of knitted fabrics in China, and has proceeded with the preparation work for the application for construction of a large-scale knitted dyed fabric production base in Vietnam. As for jeanswear business, the Group completed relevant business reorganisation in 2019 and had been focusing on the development of a profitable production base in Vietnam in order to improve the profitability of the jeanswear business.

After the rapid expansion in 2018 and 2019, the scale of production capacity of the Group has reached another level. In 2020, our capital expenditure is expected to be significantly reduced, we will focus on making full use of existing production capacity to increase profitability of the Group and the strategies of expansion of overseas production capacity and integration of the industrial chain, to enhance the profitability and financial stability of the Group, reduce the gearing ratio, and strengthen the security of operations under the unstable operating environment.

### ACKNOWLEDGEMENT

Lastly, I would like to express my sincere gratitude on behalf of the Board to all our shareholders for giving the Group their care and support over the years.

**Hong Tianzhu**  
Chairman

16 March 2020

### 展望

回顧中美在過去一年多的貿易爭端，即便中美雙方已經簽訂第一階段貿易協定，國際貿易前景還是陰霾重重，不確定性並沒有減退。加之踏入二零二零年全球面對肺炎疫情的困擾，勢必對全球經濟及消費市場做成衝擊，經營環境仍然艱巨。為應對中美貿易摩擦所帶來的不確定性，本集團將堅持國際化及產業鏈垂直一體化的發展方向，於中國以外地區建設紗線生產基地直接面對海外市場，以及在越南及尼加拉瓜繼續建設紡織染三合一的面料生產基地，一方面有效減輕或規避中美貿易摩擦所帶來的影響，另一方面透過垂直一體化的面料甚至於服裝的生產，帶動整體利潤率上升以及加強利潤的穩定性，減輕受原材料價格波動的影響。

另外，本集團已經於二零一九年完成重整針織面料管理團隊，以提高效率並加強業務能力，以充分利用國內產能提升在中國針織面料的銷售收入及利潤，並已經開始準備申請在越南建設具規模的針織染色面料生產基地。關於牛仔服裝業務，本集團已於二零一九年完成有關業務重組，重點發展在越南具備獲利能力的生產基地，從而提升牛仔服裝業務的盈利水準。

經過了二零一八及二零一九兩年的急速擴張，本集團的產能規模已經到達另外一個台階，二零二零年我們的資本開支預計將大幅減少，我們將著力充分發揮現有產能以提升盈利能力，讓海外產能建設及產業鏈一體化的策略發揮作用，增強集團的盈利能力及財務穩定性、降低集團的借貸比例，在經營環境不穩定的情況下強化經營的安全性。

### 鳴謝

最後，本人謹代表董事會對全體股東一直以來對本集團的關注和支持致以衷心的感謝！

**洪天祝**  
主席

二零二零年三月十六日

# 管理層討論及分析

## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERVIEW

The Group is pleased to present to the shareholders the annual results of the Group for the year ended 31 December 2019. During the year, the Group's revenue grew by 15% to RMB22.0 billion when compared with last year. Profit attributable to shareholders of the Company decreased by 24% to RMB884 million against last year. Basic earnings per share also decreased to RMB0.97 from RMB1.27 last year.

### INDUSTRY REVIEW

According to statistics from the National Bureau of Statistics of the PRC, the aggregate sales achieved by sizeable textile enterprises amounted to RMB2,403.8 billion in 2019, representing a 1.8% decrease year-on-year, with profit totalling RMB100.9 billion, down by 10.9% year-on-year. Sizeable garment and apparel enterprises recorded total sales in the amount of RMB1,601.0 billion, representing a year-on-year decrease of 3.4%, with net profit at RMB87.28 billion, down by 9.8% year-on-year. In terms of production volume, in 2019, 28.92 million tonnes of yarn, 45.7 billion metres of fabrics and 59.53 million tonnes of synthetic fibre were produced. According to data from PRC Customs, in 2019, US\$120.2 billion worth of textile products were exported from China, representing a year-on-year increase of 0.9% with the value of garments at US\$151.4 billion, representing a year-on-year decrease of 4.0%.

According to statistics from Vietnam Customs, the export volume of yarn and staple fibre manufactured in Vietnam grew by 16.0% to 1.715 million tonnes in 2019, bringing in revenue of US\$4,177 million, up 3.8% when compared with 2018. Garments exports increased by 7.8% to US\$32.850 billion.

### BUSINESS REVIEW

In 2019, operating revenue of the Group hit another record high at RMB22.0 billion, representing an increase of 15% when compared with last year, mainly attributable to the growth in sales of yarn and dyed fabrics. The Group derives sales revenue from the entire industrial chain, including sales of yarns, grey fabrics, dyed fabrics and garments. Revenue from sales of yarn continued to hit a record high at RMB16.7 billion, representing an increase of 7.5% when compared with last year. With the strong growth of midstream and downstream businesses, the proportion of yarn sales in total revenue declined from 81.2% last year to 76.0%. Midstream and downstream businesses recorded sales revenue of RMB5.3 billion in total, an increase of nearly 50% over 2018.

In the past two years, the Group expanded its yarn production by adding a total of approximately 1 million spindles. Although the market demand was affected by the Sino-US trade friction and the production capacity decreased as a result of a change in the product mix, total external sales of yarn for 2019 increased to nearly 750,000 tonnes, exceeding the original target of 720,000 tonnes. As the Group adjusted its product mix to prioritise capacity utilisation in times of market turmoil, the gross profit margin of yarn declined from 17.9% last year to 13.5% this year.

### 綜覽

我們欣然向股東報告本集團截至二零一九年十二月三十一日止年度的全年業績。年內，本集團之收入較去年上升15%至人民幣220億元。本公司股東應佔溢利較去年減少24%至人民幣8.84億元。每股基本盈利亦由去年的人民幣1.27元減少至人民幣0.97元。

### 行業回顧

根據中國國家統計局的數據顯示，二零一九年，紡織業規模企業累計實現營業收入人民幣24,038億元，同比減少1.8%；實現利潤總額人民幣1,009億元，同比減少10.9%。紡織服裝、服飾業規模企業實現銷售人民幣16,010億元，同比減少3.4%；淨利潤人民幣872.8億元，同比減少9.8%。產量方面，二零一九年，紗線產量2,892萬噸；布產量457億米；化纖產量5,953萬噸。根據中國海關總署發布數據顯示，二零一九年，中國出口紡織品總額為1,202億美元，同比增長0.9%；服裝出口1,514億美元，同比減少4.0%。

根據越南海關數據顯示，二零一九年於越南生產的紗線及短纖出口量增加16.0%至171.5萬噸，收入較二零一八年上升3.8%至41.77億美元。服裝出口額增加7.8%至328.50億美元。

### 業務回顧

本集團於二零一九年度營業收入再創歷史新高達到人民幣220億元，比去年上升15%，主要由紗線及染色面料銷售增長帶動。本集團的銷售收入涵蓋全產業鏈包括紗線、坯布、染色面料及服裝的銷售。紗線銷售收入持續創本集團歷史記錄達人民幣167億元，比去年增加7.5%。隨著中下游業務的增長強勁，紗線銷售佔總收入的比例有所下降，從去年的81.2%下降到76.0%。中下游業務共實現人民幣53億元銷售收入，比二零一八年增長接近50%。

本集團於最近兩年擴充紗線產能合共約100萬紗錠，雖然遇到中美貿易摩擦導致市場需求受影響，產能發揮受到產品組合變化影響而降低，二零一九年的紗線對外銷售總量還是增加到接近75萬噸，超出本來目標的72萬噸。由於在市場混亂時集團調整產品組合以優先保障產能利用率，紗線毛利率因而受到影響，從去年的17.9%下降到本年度的13.5%。

### BUSINESS REVIEW (Continued)

As for grey fabric, as expected at the beginning of 2019, with the development of the Group's own dyed fabric business, internal use of grey fabrics produced by the Group increased, while external sales volume decreased from approximately 96 million metres last year to nearly 80 million metres this year. In line with its annual target, and benefitting from the advantages of vertical integration, the sales of grey fabric produced overseas achieved relatively good results with the gross profit margin of grey fabrics increasing from 14.8% last year to 17.2% this year.

As for woven dyed fabric, the sales volume of products produced by the Group reached 100 million metres, more than double from the 42 million metres produced last year, which was mainly due to the integration of Winnitex Group's business. In the early stage of integration, orders at the factory in Vietnam were temporarily affected, but in the second half of the year orders have gradually returned to normal and with the expansion of production capacity, the monthly production capacity has surpassed the single-month output high of last year. As the sales volume of Winnitex Group has also been slightly affected by the Sino-US trade friction, the sales of self-produced woven dyed fabric of the Group were lower than the annual target of 120 million metres. In addition, the trading volume of woven fabrics also reached 38 million metres, representing an increase of more than 50% from 24 million metres last year. Following the introduction of Winnitex Group's management model and product development technology, the average gross profit margin of the Group's woven fabrics has reached a significant increase to 16.6% this year.

As for knitted dyed fabric, the reorganisation of the management team this year delivered its initial effect in the fourth quarter. Due to unsatisfactory production volume and gross profit margin in the first half of 2019, the annual sales volume of knitted dyed fabrics produced by the Group was approximately 17,000 tonnes, less than the target of 18,000 tonnes. The annual gross profit margin also decreased, but with the successful business reorganisation, the gross profit margin of knitted fabrics in the fourth quarter was higher than the average level of last year.

The jeanswear business underwent another reform in the second half of 2019. As a result, total sales volume was affected and failed to meet the full-year target, but still improved from last year. After the reform, the Group concentrated its operations on a production base with an established earning base in Vietnam, which will play a key role in improving the profitability of the business segment.

### 業務回顧(續)

坯布方面，一如年初預計，隨著集團自身染色面料業務的發展增加內部使用自產坯布，對外銷售量有所減少，對外銷售量從去年的約9,600萬米下降到本年度的近8,000萬米，符合年度目標的同時，海外生產的坯布銷售受惠於垂直整合的優勢取得比較好的成績，使得坯布毛利率由去年14.8%增加到本年度的17.2%。

梭織染色面料方面，自產產品銷量達到1億米，比去年的4,200萬米增長逾倍，主因是整合了香港慶業集團的業務所致，在整合初期，越南工廠的訂單曾短暫受到影響，但於後半年已經陸續恢復正常並隨著產能擴充，每月產能已經超越去年單月高位，亦由於香港慶業集團的銷量也稍微受到中美貿易摩擦影響，因此本集團自產梭織染色面料的銷量遜於全年的1.2億米目標。另外，梭織面料貿易量也達到3,800萬米，比去年的2,400萬米增加超過50%。在引入香港慶業集團的管理模式及產品開發技術後，本集團的梭織面料的平均毛利率在本年度已見大幅提升到16.6%。

針織染色面料經過本年度的管理團隊重組，在第4季度已初見成效，在二零一九年上半年產量及毛利率不理想的影響下，全年自產銷售量比目標的18,000噸低，只能達到17,000噸左右，全年毛利率也有所下降，但隨著業務重組成功，第4季針織面料的毛利率已高於去年的平均水平。

牛仔服裝業務於二零一九年後半年再進行改革，總銷量因而受到影響未能到達全年目標但比去年還是有所提升。經過改革後，本集團將業務集中到具獲利能力的越南生產基地，這將對業務板塊的利潤水準提升起關鍵作用。



### BUSINESS REVIEW (Continued)

Influenced by the performance of the yarn business, the overall gross profit margin of the Group declined significantly from 16.4% in 2018 to 13.6% this year. Profit attributable to shareholders for the year was RMB884 million, and earnings per share were RMB0.97, both representing a decrease of approximately 24% when compared with last year. With the business growth of the midstream and downstream and the improvement of the profit level, the impact on the Group's performance by the fluctuation of profitability of yarn will be gradually reduced, helping to maintain the profit stability of the Group and improve overall profit.

### PROSPECTS

As at the end of 2019, the Group's major production facilities were equipped with approximately 4 million spindles and more than 1,800 looms. Of all the spindles, 2.45 million were in the PRC and 1.47 million spindles were in Vietnam. After completion of the capacity expansion plans for 2018 and 2019, the Group will focus on making the best use of such capacity in 2020 in order to give play to its due role and efficiency, with an effort to restore the desirable yarn product mix, the increased production capacity of overseas production bases of woven dyed fabrics and the reorganisation of the knitted dyed fabrics business team, the profitability of the Group is expected to be improved in 2020 along with the total sales revenue recording remarkable growth.

At the same time, as capacity expansion was completed in the past two years, capital expenditure will also be significantly reduced in 2020 and is expected to be down below RMB800 million, which will, in turn, help to lower the debt ratio of the Group and strengthen its financial security under adverse operating conditions. Inferred from the current market conditions, excluding the sales volume of the trading business, the Group targets to sell 830,000 tonnes of yarn, 60 million metres of grey fabric, 140 million metres of woven dyed fabric, 25,000 tonnes of knitted dyed fabric and 14 million pairs of jeans in 2020.

On 12 July 2019, the Group was again named among the "Fortune 500 Chinese Companies 2019", and ranked third by the China Cotton Textile Association among cotton textile enterprises in terms of comprehensive competitiveness, a strong endorsement of its continuously expanding business and proven business model. The Group will continue to work tirelessly, exerting its best effort, to bring long-term and sustainable returns to shareholders.

### 業務回顧(續)

本集團的整體毛利率受到紗線業務的影響而大幅降低，從二零一八年的16.4%下降到本年度的13.6%。本年度的股東應佔溢利為人民幣8.84億元，每股盈利人民幣0.97元，均比去年下降約24%。隨著中下游的業務增長及利潤水準的提升，本集團的表現受紗線利潤波動的影響將會逐步減低，有利於維持集團利潤的穩定性及提高總體利潤水準。

### 前景

截至二零一九年底，本集團主要生產設施包括約400萬紗錠及超過1,800台布機，其中在中國及越南分別有245萬及147萬紗錠。在完成二零一八及二零一九年的產能擴充計劃後，本集團於二零二零年將集中精力善用有關產能，以發揮其應有作用及效率，在儘量恢復理想的紗線產品組合、梭織染色面料的海外生產基地開始增產以及針織染色面料業務團隊重組的情況下，我們期望集團的利潤率在二零二零年會有明顯改善，集團的總銷售收入也期望有可觀增長。

同時，由於過去兩年已經完成有關產能擴充，因此預計二零二零年的資本開支相應也會大幅減少至人民幣八億元以下，這將有助於減低本集團的負債比例，加強集團在不利的經營環境下的財務安全性。按目前市場情況推斷，不計算貿易有關的銷售量，本集團於二零二零年的銷售目標為83萬噸紗線、6,000萬米坯布、1.4億米梭織染色面料、25,000噸針織染色面料及1,400萬條牛仔褲。

於二零一九年七月十二日，本集團繼續榮獲《財富》雜誌推選為二零一九年中國企業500強之一，另外我們也榮獲中國紡織協會棉紡企業綜合競爭力排名全國第三位，證明集團不斷壯大，業務模式繼續獲得廣泛認同。本集團將繼續努力不懈，全力為股東帶來長遠及可持續的回報。

# 管理層討論及分析

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

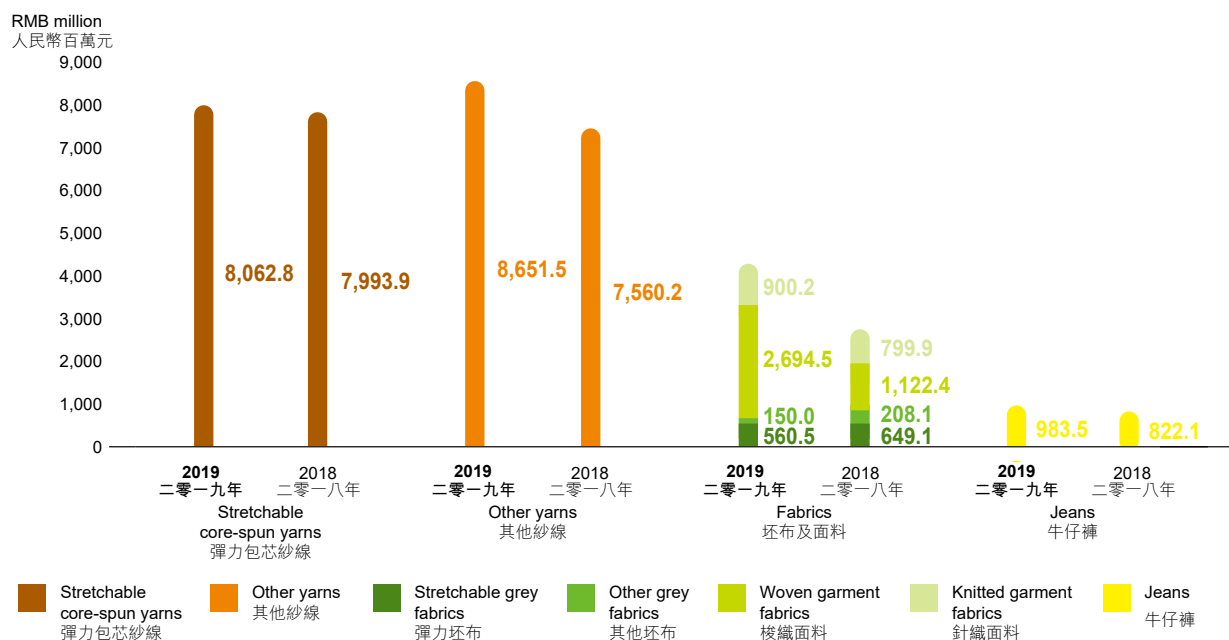
#### Sales

The Group's sales mainly comprises the sales of yarns, grey fabrics and garment fabrics, as well as jeanswear. Yarns continued to be the Group's major product. With the commencement of operations of our new production facilities, and the commitment of staff members, the sales of yarns increased by about 7.5% in 2019 as compared to that of 2018. Sales analyses of the Group by products are shown below.

### 財務回顧

#### 銷售

本集團的銷售主要來自銷售紗線、坯布及面料與牛仔服裝。紗線繼續成為本集團的重點產品。由於本集團於新建的生產設施投產及全體人員的努力，二零一九年集團紗線銷售額較二零一八年增長約7.5%。下列為本集團各種產品的銷售分析。



		2019 二零一九 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元	Revenue change 收入變動
Stretchable core-spun yarns	彈力包芯紗線	8,062,776	7,993,929	0.9%
Other yarns	其他紗線	8,651,516	7,560,240	14.4%
Stretchable grey fabrics	彈力坯布	560,477	649,110	-13.7%
Other grey fabrics	其他坯布	150,019	208,093	-27.9%
Woven garment fabrics	梭織面料	2,694,451	1,122,412	140.1%
Knitted garment fabrics	針織面料	900,225	799,864	12.5%
Jeans	牛仔褲	983,479	822,061	19.6%
<b>Total</b>	<b>總計</b>	<b>22,002,943</b>	<b>19,155,709</b>	<b>14.9%</b>

# 管理層討論及分析 MANAGEMENT DISCUSSION AND ANALYSIS

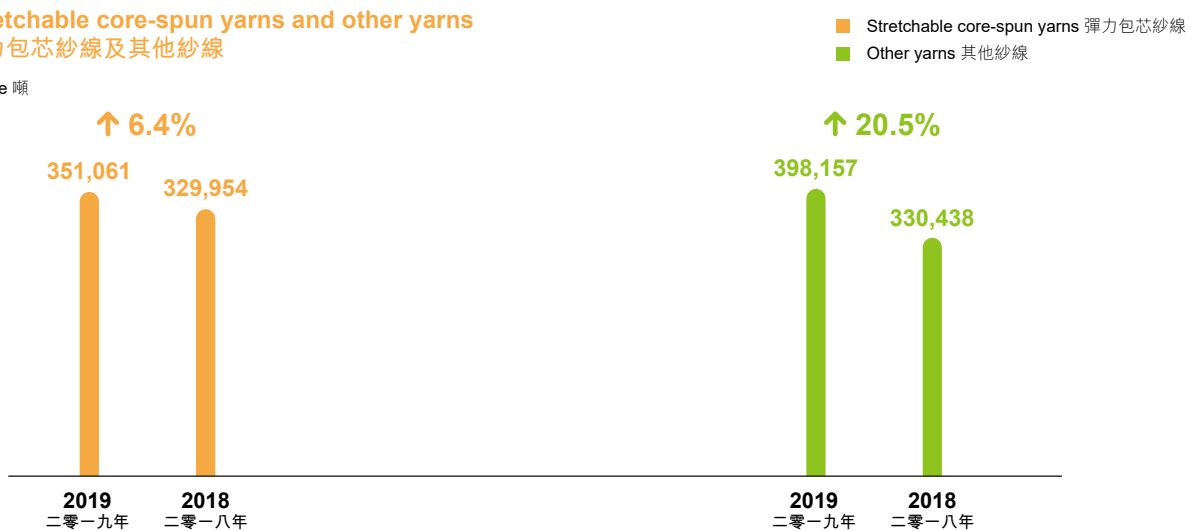
## FINANCIAL REVIEW (Continued) Sales (Continued)

## 財務回顧(續) 銷售(續)

### Sales Volume 銷量

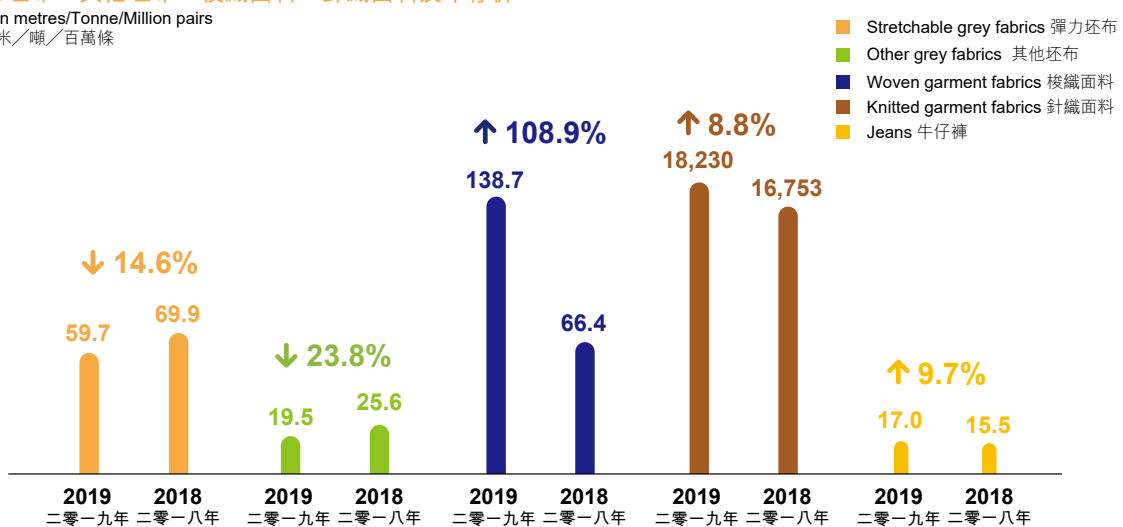
#### Stretchable core-spun yarns and other yarns 彈力包芯紗線及其他紗線

Tonne 噸



#### Stretchable grey fabrics, Other grey fabrics, Woven garment fabrics, Knitted garment fabrics and Jeans 彈力坯布、其他坯布、梭織面料、針織面料及牛仔褲

Million metres/Tonne/Million pairs  
百萬米/噸/百萬條



# 管理層討論及分析

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW (Continued)

#### Sales (Continued)

### 財務回顧(續)

#### 銷售(續)

	Sales volume 銷量		Selling price 售價		Gross profit margin 毛利率		
	2019 二零一九年	2018 二零一八年	2019 二零一九年	2018 二零一八年	2019 二零一九年	2018 二零一八年	
Stretchable core-spun yarns (Tonne/RMB per tonne)	彈力包芯紗線(噸/ 人民幣每噸)	351,061	329,954	22,967	24,227	14.8%	18.6%
Other yarns (Tonne/RMB per tonne)	其他紗線(噸/ 人民幣每噸)	398,157	330,438	21,729	22,879	12.3%	17.2%
Stretchable grey fabrics (Million metres/RMB per metre)	彈力坯布(百萬米/ 人民幣每米)	59.7	69.9	9.4	9.3	15.2%	13.3%
Other grey fabrics (Million metres/ RMB per metre)	其他坯布(百萬米/ 人民幣每米)	19.5	25.6	7.7	8.1	24.6%	19.7%
Woven garment fabrics (Million metres/RMB per metre)	梭織面料(百萬米/ 人民幣每米)	138.7	66.4	19.4	16.9	16.6%	7.7%
Knitted Garment fabrics (Tonne/RMB per tonne)	針織面料(噸/ 人民幣每噸)	18,230	16,753	49,382	47,745	12.7%	14.5%
Jeans (Million pairs/ RMB per pair)	牛仔褲(百萬條/ 人民幣每條)	17.0	15.5	57.9	53.0	5.4%	3.7%

The Chinese textile market is the Group's major market, accounted for 68.7% of our total sales of 2019. The percentage of Group's exports has experienced noticeable growth due to acquisition of textile trading companies in North America in the second half of 2018, as well as integration of the original export operation of Winnitex Group in 2019.

中國紡織市場是本集團的主要市場，佔本集團二零一九年總銷售額的68.7%。在二零一八年下半年收購位於北美的紡織品貿易公司以及二零一九年納入慶業集團原有的出口業務的推動下，本集團出口比例增加明顯。

As at the date of this report, the Group has more than 5,000 customers. As the Group produces differentiated products, the Group does not rely on orders from a particular customer. The ten largest customers of the Group only accounted for 14.2% of the total sales of the Group for the year ended 31 December 2019.

於本報告日期，本集團擁有客戶逾5,000家，由於本集團以生產差異化產品為重點，且本集團並不依賴單一客戶的訂單，截至二零一九年十二月三十一日止年度本集團十大客戶僅佔本集團總銷售額的14.2%。

#### Gross profit and gross profit margin

For the year ended 31 December 2019, gross profit of the Group decreased from RMB3.15 billion to RMB2.99 billion, representing a decrease of 4.8% as compared to that of 2018. The overall gross profit margin also decreased by 2.8 percentage point to 13.6% as compared to that of 2018. Although the gross profit margin of other business segments effectively improved due to the Group's overseas layout and integration of industrial chain, the gross profit margin of yarn business was affected by the Sino-US trade friction and thus fell sharply, leading to a decrease in the overall gross profit margin.

#### 毛利及毛利率

截至二零一九年十二月三十一日止年度，本集團的毛利由二零一八年人民幣31.5億元減少4.8%至人民幣29.9億元。整體毛利率亦較二零一八年下降2.8個百分點至13.6%。雖然其他業務板塊的毛利率受益於集團海外佈局以及產業鏈一體化有效提升，但受制於中美貿易摩擦的影響，紗線業務的毛利率大幅下降，由此導致集團整體毛利率下降。



## 管理層討論及分析

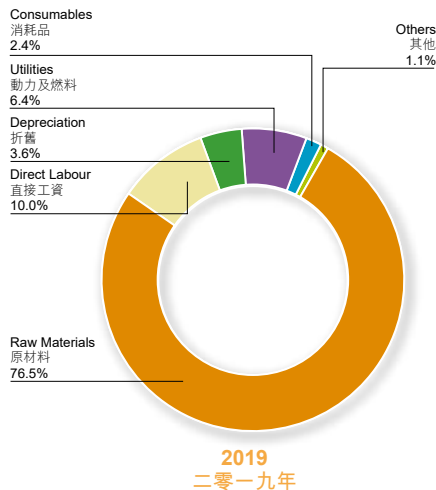
## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW (Continued)

#### Cost structure

For the year ended 31 December 2019, cost of sales increased by 18.7% to RMB19.0 billion when compared to that of 2018 following the growth of sales. Raw materials cost accounted for about 76.5% of the total cost of sales of 2019. Cotton is our major raw materials.

The breakdown of our cost of sales is shown below:

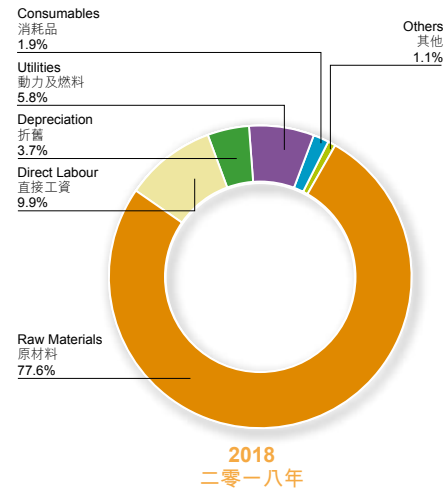


### 財務回顧(續)

#### 成本架構

截至二零一九年十二月三十一日止年度，由於銷售增加的帶動，銷售成本較二零一八年增加18.7%至人民幣190億元。於二零一九年之原材料成本佔總銷售成本約76.5%。棉花為我們的主要原材料。

下列為本集團銷售成本的明細：



#### Selling and distribution costs

For the year ended 31 December 2019, the Group's selling and distribution costs amounted to RMB847.2 million, representing an increase of 23.7% when compared to that of 2018. The increase was attributable to the increase in transportation costs and salaries of sales personnel due to increase in sales volume and expenses of the newly acquired businesses.

#### General and administrative expenses

For the year ended 31 December 2019, the Group's general and administrative expenses increased by 40.1% to RMB1,010 million when compared to that of 2018, which represented 4.6% of the Group's sales. The increase was mainly due to the increase in research and development expenditures and expenses of the newly acquired businesses.

#### 銷售及分銷開支

於截至二零一九年十二月三十一日止年度，本集團之銷售及分銷開支較二零一八年上升23.7%至人民幣8.472億元。升幅是由於銷量增加，令運輸成本及銷售人員薪金上漲以及新收購業務費用增加所致。

#### 一般及行政開支

於截至二零一九年十二月三十一日止年度，本集團之一般及行政開支較二零一八年增加40.1%至人民幣10.10億元，佔本集團銷售額4.6%。增幅乃主要由於研發開支及新收購業務的費用增加所致。

# 管理層討論及分析

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW (Continued)

#### Cash flows

### 財務回顧(續)

#### 現金流量

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Net cash generated from operating activities	經營活動所得現金淨額	2,418,356	766,684
Net cash used in investing activities	投資活動所耗現金淨額	(1,939,288)	(1,821,900)
Net cash generated from financing activities	融資活動所得現金淨額	297,070	643,219
Cash and cash equivalents at end of the year	於年末的現金及現金等值物	1,830,859	1,054,721

For the year ended 31 December 2019, net cash generated from operating activities amounted to RMB2,418.4 million, which represents a significant increase comparing with 2018 mainly due to the higher cash outflow of raw material purchase for new production capacity in 2018. Net cash used in investing activities amounted to RMB1,939.3 million, which was mainly used for the payment of capital expenditures for capacity expansion and acquisitions. During the year under review, net cash generated from financing activities amounted to RMB297.1 million, which was mainly used in financing for working capital.

#### Liquidity and financial resources

As at 31 December 2019, the Group's bank and cash balances (including pledged bank deposits) amounted to RMB1,852.3 million (as at 31 December 2018: RMB1,199.7 million). The Group's inventories decreased by RMB111.2 million to RMB5,100.1 million and our trade and bills receivables decreased by RMB249.1 million to RMB1,534.7 million (as at 31 December 2018: RMB5,211.3 million and RMB1,783.8 million respectively). The inventory turnover days and trade and bills receivables turnover days were 98 days and 27 days respectively, compared to 101 days and 32 days in 2018. The increase of raw material procurement for new production capacity in the second half of 2018 led to an increase in the average inventory in 2018 so the inventory turnover days in 2018 were higher.

Trade and bills payables of the Group decreased by RMB486.8 million to RMB3,035.9 million as at 31 December 2019 (as at 31 December 2018: RMB3,522.7 million), the payable turnover days was 62 days, compared to 73 days in 2018. Decrease in the payable turnover days was mainly due to early settlement of part of bills payable for purchase of raw materials in order to reduce the overall liability level.

The total bank borrowings of the Group increased by RMB1,156.9 million to RMB8,284.6 million as at 31 December 2019. Current bank borrowings increased by RMB1,107.1 million to RMB3,359.6 million while non-current bank borrowings increased by RMB49.82 million to RMB4,925.0 million. The increase in the proportion of current bank borrowings was mainly due to the financing for working capital for the Group's new production capacity. Despite its higher interest rate than current borrowings, the Group will continue to maintain a considerable portion of long-term borrowings to achieve a better debt portfolio.

截至二零一九年十二月三十一日止年度，本集團錄得經營活動所得現金淨額人民幣24.184億元，相較二零一八年大幅上升，主要是因為二零一八年為新增產能儲備的原料採購現金流出較多所致。本集團投資活動所耗現金淨額為人民幣19.393億元，主要用於擴充產能的資本開支及收購之付款。於回顧年度內，融資活動所得現金淨額為人民幣2.971億元，主要用於營運資金融資。

#### 流動資金及財務資源

於二零一九年十二月三十一日，本集團的銀行及現金結餘(包括已抵押銀行存款)為人民幣18.523億元(於二零一八年十二月三十一日：人民幣11.997億元)。本集團的存貨及應收貿易及票據款項分別減少人民幣1.112億元至人民幣51.001億元及減少人民幣2.491億元至人民幣15.347億元(於二零一八年十二月三十一日：分別為人民幣52.113億元及人民幣17.838億元)。存貨周轉天數及應收貿易及票據款項周轉天數分別為98天及27天，而二零一八年則分別為101天及32天。二零一八年下半年為新增產能儲備的原料採購增加導致二零一八年全年存貨平均值增加，因此二零一八年存貨周轉天數偏高。

於二零一九年十二月三十一日，本集團的應付貿易及票據款項減少人民幣4.868億元至人民幣30.359億元(於二零一八年十二月三十一日：人民幣35.227億元)，其付款周轉天數為62天，而二零一八年則為73天。應付款項周轉天數對比去年降低主要是因為為盡力降低整體負債水平，而提前結清購買原材料的部份應付票據。

於二零一九年十二月三十一日，本集團的銀行借貸總額增加人民幣11.569億元至人民幣82.846億元。流動銀行借貸增加人民幣11.071億元至人民幣33.596億元，而非流動銀行借貸則增加人民幣4.982萬元至人民幣49.250億元。流動銀行借貸的比例增加主要是為集團新增的產能提供營運資金融資所致。本集團將繼續維持相當部分的長期貸款以實現更佳債務組合，縱使貸款利率會高於流動貸款。

# 管理層討論及分析

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW (Continued)

#### Liquidity and financial resources (Continued)

As at 31 December 2019 and 2018, the Group's financial ratios were as follows:

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Current ratio	流動比率	1.29	1.39
Debt to equity ratio <sup>1</sup>	負債權益比率 <sup>1</sup>	1.11	1.06
Net debt to equity ratio <sup>2</sup>	負債淨額權益比率 <sup>2</sup>	0.86	0.88

<sup>1</sup> Based on total borrowings over equity attributable to shareholders

<sup>1</sup> 根據總借貸除以股東應佔權益

<sup>2</sup> Based on total borrowings net of cash and cash equivalents and pledged bank deposits over equity attributable to shareholders

<sup>2</sup> 根據總借貸(減去現金及現金等值物及已抵押銀行存款)除以股東應佔權益

#### Borrowings

As at 31 December 2019, the Group's total bank borrowings amounted to RMB8,284.6 million, among which RMB1,522.0 million (18.4%) was denominated in Renminbi, RMB1,329.1 million (16.0%) was denominated in United States dollars ("US\$" or "USD") and RMB5,433.5 million (65.6%) was denominated in Hong Kong dollars ("HK\$" or "HKD"). These bank borrowings borne interest rates ranging from 2.1% to 4.9% per annum (2018: 2.0% to 5.0%).

#### 借貸

於二零一九年十二月三十一日，本集團的銀行借貸總額為人民幣82.846億元，其中人民幣15.220億元(18.4%)以人民幣列值，及人民幣13.291億元(16.0%)以美元(「美元」)列值以及人民幣54.335億元(65.6%)則以港元(「港元」)列值。該等銀行借貸按年利率2.1%至4.9%(二零一八年：2.0%至5.0%)計息。

As at 31 December 2019, the Group has outstanding current bank borrowings of RMB3,359.6 million (2018: RMB2,252.5 million). Increase in current bank borrowings was mainly used for working capital for the Group's new production capacity.

於二零一九年十二月三十一日，本集團之未償還流動銀行借貸為人民幣33.596億元(二零一八年：人民幣22.525億元)。流動銀行借貸增加主要是為集團新增產能提供營運資金。

In respect of the Group's borrowings, the Group has to comply with certain restrictive financial covenants.

本集團須就其借貸遵守若干財務限制條款。

As at 31 December 2019, bank borrowings of RMB520.8 million (2018: RMB877.4 million) were secured by the pledge of the Group's machinery and equipment with a net book amount of approximately RMB709.5 million (2018: RMB834.9 million), pledged bank deposits with a net book amount of RMB8.0 million (2018: RMB68.5 million) and inventories with a total amount of RMB66.58 million (2018: Nil). No bills receivable were secured as at 31 December 2019 (2018: RMB97.5 million).

於二零一九年十二月三十一日，人民幣5.208億元(二零一八年：人民幣8.774億元)的銀行借貸已以賬面淨值為人民幣7.095億元(二零一八年：8.349億元)的機器設備、賬面淨值為人民幣800萬元的銀行存單(2018年：人民幣6,850萬元)以及總額為人民幣6,658萬元的存貨作抵押(二零一八年：零)。於二零一九年十二月三十一日，本集團概無抵押應收票據(二零一八年：人民幣9,750萬元)。

#### Foreign exchange risk

The Group mainly operates in the PRC and Vietnam. Most of the Group's transactions, assets and liabilities are denominated in RMB, US\$ and HK\$. Foreign exchange risk may arise from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Group's exposure to foreign exchange risk is mainly attributable to its borrowings and raw material procurement denominated in US\$ or HK\$. The Group manages its foreign exchange risks by performing regular reviews and closely monitoring its foreign exchange exposures.

#### 外匯風險

本集團主要在中國及越南營運。本集團大部分交易、資產及負債以人民幣、美元及港元計值。外匯風險可能來自於未來海外業務中的商業貿易、已確認資產及負債及投資淨額。本集團所面對的外匯風險主要來自其以美元或港元計值的借貸及原料採購貨款。本集團進行定期檢討及密切關注其外匯風險程度以管理其外匯風險。

## 管理層討論及分析

# MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW (Continued)

#### Foreign exchange risk (Continued)

To mitigate the depreciation risk of RMB, the Group has purchased a suitable amount of currency option contracts and currency swap contracts so that the currency exposure is hedged against. As at 31 December 2019, there was no unhedged foreign currency debt exposure. The Group will continue to enter into the relevant currency option and swap option contracts so that the currency exposure arising from borrowings denominated in foreign currencies can be minimized.

#### Capital expenditure

For the year ended 31 December 2019, the capital expenditure of the Group amounted to RMB2,101 million (2018: RMB2,003 million). It was mainly comprised of the investments in fixed assets in the PRC, Vietnam, Americas and Turkey.

#### Gain on acquisition of subsidiaries

For the year ended 31 December 2019, the Group recorded a gain on the acquisition of subsidiaries of approximately RMB209.0 million in relation to the acquisition of Winnitex Group which the completion took place in April 2019. Please refer to the announcement of the Company dated 10 December 2018 for further details.

#### Contingent liabilities

As at 31 December 2019, the Group had no material contingent liabilities.

#### Disclosure pursuant to Rule 13.18 of the Rules (the “Listing Rules”) Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”)

As announced by the Company on 20 April 2016, by an agreement dated 20 April 2016 (“2016 Facility Agreement”) entered into by, among others, Texhong Galaxy Technology Limited (“Texhong Galaxy”), a wholly-owned subsidiary of the Company, as borrower and a syndicate of banks and financial institutions as lenders, the lenders have agreed to grant a facility (“2016 Facility”) in the aggregate principal amount of up to US\$103,000,000 to finance the development of Texhong Galaxy’s production plant in Haiha District, Quang Ninh Province, Vietnam. The 2016 Facility shall be fully repaid in April 2023 and is guaranteed by the Company.

The 2016 Facility Agreement contains a requirement that Mr. Hong Tianzhu shall maintain, directly or indirectly, the status of the largest individual shareholder of the Company and maintain the position of chairman of the Group. A breach of such requirement will constitute an event of default under the 2016 Facility Agreement, and as a result, the 2016 Facility is liable to be declared immediately due and payable. The occurrence of such circumstance may trigger the cross default provisions of other banking/credit facilities available to the Group and, as a possible consequence, these other facilities may also be declared to be immediately due and payable.

As at the date of this annual report, the Company is in compliance with the 2016 Facility Agreement.

### 財務回顧(續)

#### 外匯風險(續)

為應對人民幣貶值風險，本集團透過購入適量的貨幣期權合同及貨幣掉期合同以控制外幣敞口。於二零一九年十二月三十一日，概無未對沖外幣負債敞口。本集團將繼續訂立有關貨幣期權及掉期合約，以降低外幣借款所產生的外幣風險。

#### 資本開支

於截至二零一九年十二月三十一日止年度，本集團之資本開支為人民幣21.01億元(二零一八年：人民幣20.03億元)，主要為中國、越南、美洲及土耳其的固定資產投資。

#### 收購附屬公司之收益

於截至二零一九年十二月三十一日止年度，本集團於收購慶業集團時錄得收購附屬公司之收益約人民幣2.090億元，該收購於二零一九年四月完成。有關進一步詳情請參閱本公司日期為二零一八年十二月十日的公告。

#### 或然負債

於二零一九年十二月三十一日，本集團並無重大或然負債。

#### 根據香港聯合交易所有限公司(「聯交所」)證券上市規則(「上市規則」)第13.18條作出之披露

誠如本公司於二零一六年四月二十日所公佈，藉著本公司全資附屬公司天虹銀河科技有限公司(「天虹銀河」)(作為借款人)與由多間銀行及財務機構組成之銀團(作為貸款人)所訂立日期為二零一六年四月二十日之協議(「二零一六年信貸協議」)，貸款人同意授出一項本金總額最多為103,000,000美元的融資(「二零一六年信貸融資」)，以撥付天虹銀河於越南廣寧省海河區生產廠房之發展。二零一六年信貸融資須於二零二三年四月全數償還，並由本公司作擔保。

二零一六年信貸協議規定洪天祝先生須繼續(直接或間接)維持本公司最大個人股東的地位及繼續擔任本集團主席一職。違反有關規定將構成二零一六年信貸協議項下之違約事項，並因此二零一六年信貸融資須即時宣佈為到期及應付。發生有關情況可能導致觸發本集團其他銀行/信貸融資額度之交叉違約條文，因此，該等其他信貸額度亦可能即時宣佈為到期及應付。

於本年報日期，本公司遵守二零一六年信貸協議。



### FINANCIAL REVIEW (Continued)

#### Human resources

As at 31 December 2019, the Group had a total workforce of 41,108 employees (as at 31 December 2018: 38,076), of whom 21,682 employees were located in the sales headquarters and our manufacturing plants in Mainland China. The remaining 19,426 employees were stationed in regions outside Mainland China including Vietnam, Cambodia, Turkey, Nicaragua, North America, Hong Kong and Macao. New employees were recruited to cater for the Group's business expansion during the year. The Group offers a competitive remuneration package to its employees. In addition, discretionary bonuses and share options may also be granted to eligible staff based on individual and Group's performance. The Group is committed to creating a learning and sharing culture in the organisation. Strong emphasis is placed on the training and development of individual staff and team building, as the Group's success is dependent on the contribution of all skilled and motivated employees.

#### Dividend policy

The Board intends to maintain a long term, stable dividend payout ratio of about 30% of the Group's net profit for the year attributable to owners of the Company, providing shareholders with an equitable return. The Board has resolved to distribute a final dividend of 15 HK cents per share for the year ended 31 December 2019 to shareholders whose names appear on the register of members on 19 May 2020 and will be payable on or about 2 June 2020, subject to the approval by the shareholders at the forthcoming annual general meeting of the Company on 8 May 2020. An interim dividend of 18 HK cents per share was paid by the Company on 11 October 2019.

### MATERIAL RISKS OF THE GROUP

The following are the key risks that the Group considers to be of great significance to the Group in its current status. These risks may have adverse effect on the Group's business.

For the possible impact of each risk on the Group should it occur, we have made a detail description and set down corresponding control measures and mitigation plan to manage the risk.

The impact of risk relating to the business of the Group will change over time. The size, complexity and coverage of our business and the changing environment in which the Group operates also mean that the list cannot be an exhaustive list of all material risks that could affect the Group.

### 財務回顧(續)

#### 人力資源

於二零一九年十二月三十一日，本集團擁有合共41,108名僱員(於二零一八年十二月三十一日：38,076名)，其中21,682名僱員位於中國大陸之銷售總部及生產工廠。其餘19,426名僱員駐於中國大陸境外地區，包括越南、柬埔寨、土耳其、尼加拉瓜、北美、香港及澳門。新聘僱員為應付本集團於年度內擴充的業務。本集團向其僱員提供具競爭力的酬金待遇。此外，合資格員工亦可按其個人及本集團的表現獲授酌情花紅及購股權。本集團致力於組織內建立學習及分享文化。本集團的成功有賴由技巧純熟且士氣高昂的員工，故此本集團重視員工的個人培訓及發展，以及建立團隊。

#### 股息政策

董事會旨在維持長期、穩定的派息率，即本集團年內歸屬於本司擁有人淨利潤約30%，為股東提供合理回報。董事會已決議於截至二零一九年十二月三十一日止年度分派每股15港仙之末期股息，予名列二零二零年五月十九日股東名冊內之股東，並將於二零二零年六月二日或前後派發，惟須得到股東於二零二零年五月八日本公司應屆股東週年大會上批准後，方可作實。本公司於二零一九年十月十一日派付每股18港仙之中期股息。

### 本集團的重大風險

以下為我們認為對本集團就其現狀而言意義重大的主要風險。該等風險可能會對本集團的業務造成不利影響。

對於每一類風險發生時可能對本集團產生的影響，我們都作了詳細描述，並制訂了相應的監控措施和對策來管理該等風險。

與本集團業務有關的風險的影響將隨時間推移。我們業務的規模、複雜程度和覆蓋範圍以及經營環境的不斷變化也意味著此列表不可能包含所有影響本集團的重大風險。

# 管理層討論及分析

## MANAGEMENT DISCUSSION AND ANALYSIS

### MATERIAL RISKS OF THE GROUP (Continued)

### 本集團的重大風險(續)

Risks description 風險描述	Major control measures and risk mitigation 主要監控措施及風險對策	Changes of risk level from last year 風險水平較上年變化
<b>Business concentration</b> 業務集中		
<p>Product concentration: The Group has established its market position as a manufacturer of high value-added core-spun cotton textile products and core-spun cotton is the major earning source of the Group. In the event of any change in fashion trend, customers may prefer other textile materials. Competition in such market may also intensify suddenly. If the Group fails to respond to the change in an efficient and effective manner, the profitability of the Group may be adversely affected.</p> <p>Geographical concentration: The Mainland China is the major market of the Group and, thus, the Group is subject to the economic, political and social condition and change in domestic demand for the products of the Group in China.</p>	<ul style="list-style-type: none"> <li>• Enhance customer communication with an outstanding marketing team which thoroughly and promptly understands the requirements of customers.</li> <li>• Step up cooperation with raw material suppliers and monitor the market trend of change in new textile materials</li> <li>• Boost input for research and development team and improve product functionality and develop new products in response to market demands</li> <li>• Explore downstream industries and increase the contribution of downstream products</li> <li>• Facilitate the development of import and export business continuously to tap into overseas markets</li> <li>• Promote diversified development in the industry so as to survive under adverse macro-environment, in view of the fact that the textile industry is large in scale despite its vulnerability to the economic and social environment</li> </ul>	<p>↑</p> <p>Causes of the trend: Global outbreak of COVID-19 may affect the textile retail industry and indirectly affect companies in the up-stream and mid-stream of the industrial chain. As the Group's business is concentrated in the textile industry, it is difficult to completely avoid the operational risks brought about by such circumstance.</p>
<p>產品集中：本集團已在市場建立其作為高附加值棉包芯紡織產品製造商的地位，棉包芯紗綫為集團主要盈利點。倘若時裝潮流有任何變化，客戶日後可能偏好其他紡織物料，又或者該市場的競爭突然變得更激烈，如果本集團未能迅速及有效回應變動，本集團的盈利能力或會受不利影響。</p>	<ul style="list-style-type: none"> <li>• 透過優秀的市場營銷團隊，加強與客戶溝通，充分及時瞭解客戶需求</li> <li>• 加強與原料供應商的合作，關注市場新紡織物料變動趨勢</li> <li>• 加大研發團隊投入，應市場需求改善產品功能及開發新產品</li> <li>• 拓展下游產業，增加下游產品的比重</li> <li>• 不斷加強進出口業務的開發，開拓海外市場</li> <li>• 雖然紡織行業容易受到經濟及社會環境影響，但由於其規模龐大，透過在行業內多元化發展將有利於企業在不利的宏觀環境中生存</li> </ul>	<p>↑</p> <p>形成趨勢的原因：全球新型冠狀病毒肺炎疫情可能影響紡織零售業，間接影響到上中游產業鏈中的企業，本集團業務集中在紡織行業，難以完全規避由此帶來的運營風險。</p>
<p>地域集中：中國大陸為本集團主要市場，因此本集團受到中國經濟、政治和社會狀況以及本集團產品於中國國內需求的改變的影響。</p>		

# 管理層討論及分析

## MANAGEMENT DISCUSSION AND ANALYSIS

### MATERIAL RISKS OF THE GROUP (Continued)

### 本集團的重大風險(續)

Risks description 風險描述	Major control measures and risk mitigation 主要監控措施及風險對策	Changes of risk level from last year 風險水平較上年變化
<p><b>Risk of fluctuation of cotton prices</b> 棉花價格波動風險</p>	<ul style="list-style-type: none"> <li>• Closely monitor the dynamics of cotton futures and supply and demand balance and correlation in the spot market and hedge risks mainly through measures like maintaining stable procurement and inventory strategies</li> <li>• Diversify the development of the synthetic fiber category and reduce the Group's reliance on the cotton category</li> </ul>	<p>↔ Unchanged</p>
<p>棉花是本集團主要的生產原料，棉花價格的波動幅度不一定與終端產品的價格波動完全同步。倘若棉花價格劇烈波動，將會對本集團毛利率造成巨大影響。</p>	<ul style="list-style-type: none"> <li>• 密切關注棉花期貨動向以及現貨市場的供需平衡及相關性，主要以維持穩定的採購及存貨策略等措施來對沖風險</li> <li>• 增加化纖產品品種開發，降低本集團對棉紗品種的依賴</li> </ul>	<p>↔ 無變動</p>
<p><b>Foreign exchange and interest risk</b> 外匯及利率風險</p>	<ul style="list-style-type: none"> <li>• Foster communication with financial institutions and market analysis institutions to interpret the dynamics of financial market and make specific adjustments to financing structure</li> <li>• Increase loans in RMB to reduce the ratio of loans in USD to directly mitigate risks</li> <li>• Lock up exposure of liabilities in foreign currencies, including foreign liabilities arising from daily operation and financing, using foreign exchange financial products, such as forward contracts and options</li> <li>• Closely monitor various important economic data published by the People's Bank of China and the Federal Reserve and keep abreast with its interest rate policy</li> <li>• Obtain quotations for interest rate swap from financial institutions regularly and utilize financial instruments in a timely manner to switch from floating to fixed interest rate</li> </ul>	<p>↓ Causes of the trend:</p> <ul style="list-style-type: none"> <li>• Substantial part of the exposure to foreign currency liabilities has been locked up</li> <li>• Structure of the financings in various currencies has been optimized gradually</li> <li>• With the growth of dyed fabrics business, overseas sales increased, which has reduced foreign exchange risk</li> </ul>
<p>匯率波動可能導致重大外幣損失，影響本集團的原料採購成本以及融資成本。倘若美元／人民幣的匯率波動加劇，本集團的盈利能力可能將面臨重大不確定性。</p>	<ul style="list-style-type: none"> <li>• 加強與金融機構及市場分析機構的溝通，瞭解金融市場動向，針對性的調整融資結構</li> <li>• 增加人民幣貸款以減低美元貸款比例，直接降低風險</li> <li>• 利用遠期合約、期權等外匯金融產品來鎖定外幣負債敞口，包括日常經營的外幣負債及融資性外幣負債</li> <li>• 密切關注中國人民銀行及美聯儲的各項重要經濟數據，對其利率政策持續關注</li> <li>• 與金融機構保持常規利率掉期報價，適時利用金融工具將浮動利率變為固定利率</li> </ul>	<p>↓ 形成趨勢的原因：</p> <ul style="list-style-type: none"> <li>• 大多數的外幣負債敞口已經被鎖定</li> <li>• 各幣種融資結構在逐漸優化</li> <li>• 隨著染色布業務增長，海外銷售收入增加，減低了外匯風險</li> </ul>
<p>倘若銀行現行利率上升，浮動計息的負債或會導致本集團融資成本增加。</p>		

# 管理層討論及分析

## MANAGEMENT DISCUSSION AND ANALYSIS

### MATERIAL RISKS OF THE GROUP (Continued)

### 本集團的重大風險(續)

Risks description 風險描述	Major control measures and risk mitigation 主要監控措施及風險對策	Changes of risk level from last year 風險水平較上年變化
<p><b>Financing risk</b> 融資風險</p> <p>The Group is now in the stage of business expansion with high financing needs. In the event that the financial institutions which provide the existing facilities cease to offer such financing to the Group or banking facilities on similar terms and the Group fails to obtain alternatives, the Group may not have sufficient funds for its commitment of capital projects and may restrict or hinder the business operation of the Group.</p> <p>本集團目前處於業務擴張階段，有較高的融資需要。倘若提供現有融資的金融機構停止向本集團提供有關融資或類似條款的銀行融資，而本集團亦未能另覓新的融資，則本集團或不能獲得足夠的資金用於資本項目投入，因而可能限制或阻礙本集團的業務營運。</p>	<ul style="list-style-type: none"> <li>• Enhance the transparency of the Group's operation for banks' understanding and maintain good working relationship between the Group and financial institutions</li> <li>• Monitor various financing indicators in real-time and provide timely alerts to ensure compliance in respect of various indicators</li> <li>• Diversify the portfolio of financial institutions and financing products</li> <li>• Devise a reasonable spread for financing with different terms to strike a balance between financing costs and risks</li> </ul> <ul style="list-style-type: none"> <li>• 增強銀行對於集團運行狀況瞭解的透明度，維護好本集團與融資機構的合作關係</li> <li>• 實時監控各項融資指標，及時預警，確保各項指標不違約</li> <li>• 增加融資機構和融資產品組合的多樣性</li> <li>• 合理配置不同期限的融資，兼顧融資成本及融資風險</li> </ul>	<p>↑</p> <p>Cause of the trend:</p> <ul style="list-style-type: none"> <li>• Capital expenditure was relatively high in 2019</li> <li>• Amid international trade disputes, operating environment was frequently affected and the difficulty and cost of borrowing increased</li> </ul> <p>↑</p> <p>形成趨勢的原因：</p> <ul style="list-style-type: none"> <li>• 二零一九年資本開支相對較大</li> <li>• 國際貿易紛爭頻繁影響經營環境及增加貸款難度及成本</li> </ul>



# 管理層討論及分析

## MANAGEMENT DISCUSSION AND ANALYSIS

### MATERIAL RISKS OF THE GROUP (Continued)

### 本集團的重大風險(續)

Risks description 風險描述	Major control measures and risk mitigation 主要監控措施及風險對策	Changes of risk level from last year 風險水平較上年變化
<p><b>Customer credit management risk</b> 客戶信用管理風險</p>		
<p>The Group focuses on producing a wide range of products and does not rely on a particular individual customer. The Group works with more than 5,000 customers from an enormous and widespread portfolio. As a result of the unfavourable market environment and request from part of the customers to extend credit terms, the Group is facing a risk of the receivables turning into bad debts.</p>	<ul style="list-style-type: none"> <li>• Monitor and evaluate credit terms granted to customers regularly</li> <li>• Monitor the collectability of receivables in real-time and provide alerts and warnings for amount overdue and customers with abnormal business operation</li> <li>• Closely monitor market dynamics and operation of customers to devise plan for customer visit and collect the latest information of customers</li> <li>• Enhance customer reconciliation system</li> <li>• Adopt collectability of receivables as a criterion of staff performance assessment to promote staff members' awareness of payment demand</li> <li>• Arrange export credit insurance for all overseas customers with newly established relationship</li> </ul>	<p>↑</p> <p>Causes of the trend:</p> <ul style="list-style-type: none"> <li>• Increasing business volume and business type lead to increasing total receivables</li> <li>• Unfavorable operation environment in the textile industry spurs operation risk for customers</li> <li>• Global outbreak of COVID-19 may affect the operation and cash flow of brand customers, chain supermarkets and retailers</li> </ul>
<p>本集團以生產各式各樣的產品為重點，不依賴於某單一客戶。本集團擁有客戶逾5,000家，客戶眾多且地區分布分散。由於市場環境嚴峻，加上有部份客戶要求延長信用期，本集團面對應收賬款的壞賬風險。</p>	<ul style="list-style-type: none"> <li>• 監察及定期評估客戶的賬期</li> <li>• 實時監督應收款情況，對超期以及業務營運異常的客戶的應收賬款進行預警提示</li> <li>• 密切關注市場動態和客戶經營情況，制定客戶拜訪的計劃，瞭解客戶最新信息</li> <li>• 改善客戶對賬機制</li> <li>• 將應收款的回收情況納入業務員績效考核，增強業務人員的催款意識</li> <li>• 對於所有剛剛合作的海外客戶均辦理出口信用保險</li> </ul>	<p>↑</p> <p>形成趨勢的原因：</p> <ul style="list-style-type: none"> <li>• 業務量及業務類型的不斷增加導致應收款總額增加</li> <li>• 紡織行業經營環境不佳造成客戶經營風險增加</li> <li>• 全球新型冠狀病毒肺炎疫情可能影響品牌客戶及連鎖超市、零售商的經營及現金流周轉</li> </ul>

# 管理層討論及分析

## MANAGEMENT DISCUSSION AND ANALYSIS

### MATERIAL RISKS OF THE GROUP (Continued)

### 本集團的重大風險(續)

Risks description 風險描述	Major control measures and risk mitigation 主要監控措施及風險對策	Changes of risk level from last year 風險水平較上年變化
<p><b>Product liability risk</b> 產品責任風險</p> <p>The Group offers a wide range of products and its portfolio is ever-expanding, creating a huge risk of product liability for the Group. Although the Group has not suffered any material losses from product liability claim, there have been individual claims from customers in respect of product quality.</p> <p>本集團產品品種繁多，且新品種日益增加，對本集團產品責任帶來了巨大的風險。雖然本集團尚未因產品責任導致任何重大損失，但是存在客戶對於產品質量的個別索賠事件。</p>	<ul style="list-style-type: none"> <li>• Increase efforts on quality control and devise improvement solutions for quality fluctuation</li> <li>• Control production process using state-of-the-art measurement equipment and online quality control system</li> <li>• Improve production technology training for staff members and cultivate responsibility awareness of plant production staff and management members at each level</li> <li>• Actively reach out to customers for product liability incidents and coordinate for resolution and hold relevant staff accountable internally</li> </ul> <ul style="list-style-type: none"> <li>• 加大質量監控力度並針對出現的質量波動進行改進攻關</li> <li>• 利用先進的檢測儀器及在綫質量控制系統，對產品生產的過程進行控制</li> <li>• 增加員工生產技術的培訓，提高工廠生產人員及各級管理人員的責任意識</li> <li>• 就產品責任事件與客戶積極溝通，協調處理，對內追究相關人員責任</li> </ul>	<p>↑</p> <p>Causes of the trend:</p> <ul style="list-style-type: none"> <li>• Increased product portfolio</li> <li>• More stringent requirements on product quality and differentiation from customers</li> </ul> <p>↑</p> <p>形成趨勢的原因：</p> <ul style="list-style-type: none"> <li>• 新品種增加</li> <li>• 客戶對產品質量及差異化的要求提高</li> </ul>

# 管理層討論及分析

## MANAGEMENT DISCUSSION AND ANALYSIS

### MATERIAL RISKS OF THE GROUP (Continued)

### 本集團的重大風險(續)

Risks description 風險描述	Major control measures and risk mitigation 主要監控措施及風險對策	Changes of risk level from last year 風險水平較上年變化
<p><b>Tax risk</b> 稅務風險</p> <p>The operation presence of the Group covers various countries and regions, including the Mainland China, Hong Kong, Macau, Vietnam, Cambodia, Turkey and North America. In the course of tax planning and daily operation, we are subject to the following tax risks:</p> <ul style="list-style-type: none"> <li>• Risk of tax incompliance caused by misunderstanding of regional tax policies;</li> <li>• The interpretation of tax policies and the legal conformity of tax preparation must be confirmed by the tax administration authority. In the course of such confirmation, the enforcement of tax administration may be different.</li> </ul> <p>本集團目前經營區域涵蓋中國大陸、香港、澳門、越南、柬埔寨、土耳其及北美洲等多個國家和地區，在稅務籌劃及日常運營過程中，我們面臨以下稅務風險：</p> <ul style="list-style-type: none"> <li>• 對地區性稅務政策理解有誤而產生的稅務違規風險；</li> <li>• 稅務政策解讀與稅務籌劃的合法性需要得到稅務行政部門的確認。在這一確認過程中，稅務行政執法可能出現偏差。</li> </ul>	<ul style="list-style-type: none"> <li>• Engage financial officers familiar with local tax policies and regulations to conduct tax audit and handle tax examination of the government</li> <li>• Engage professional local tax consultation institutions for consultations on tax compliance advices, tax incentive policies and tax preparation solutions</li> <li>• Liaise with local tax authority frequently to have thorough understanding of change in tax policies and policy interpretation, thereby reducing risks of tax incompliance and enforcement of tax administration</li> </ul> <ul style="list-style-type: none"> <li>• 聘請熟悉當地稅務政策法規的財務人員進行稅務核算，應對政府稅務檢查</li> <li>• 聘請當地專業的稅務諮詢機構進行稅務合規建議、稅務優惠政策以及稅務籌劃方案諮詢</li> <li>• 與當地稅務機關緊密溝通，全面掌握稅務政策變動及政策解讀，減少稅務違規風險以及稅務行政執法風險。</li> </ul>	<p>↑</p> <p>Causes of the trend:</p> <ul style="list-style-type: none"> <li>• Intensifying tax regulations in different countries</li> <li>• Increasing international coverage of operation presence, resulting in mounting overseas tax risk</li> </ul> <p>↑</p> <p>形成趨勢的原因：</p> <ul style="list-style-type: none"> <li>• 各國稅收監管不斷增加</li> <li>• 經營區域日益國際化，凸顯海外稅務風險</li> </ul>

# 管理層討論及分析

## MANAGEMENT DISCUSSION AND ANALYSIS

### MATERIAL RISKS OF THE GROUP (Continued)

### 本集團的重大風險(續)

Risks description 風險描述	Major control measures and risk mitigation 主要監控措施及風險對策	Changes of risk level from last year 風險水平較上年變化
<p><b>Legal and other regulatory risk</b> 法律及其他監管風險</p>	<ul style="list-style-type: none"> <li>Engage qualified legal advisors or consultation institutions to review and provide advices on relevant documents to ensure legal compliance</li> <li>The company secretary is responsible for offering advices to the board of directors and board committees in respect of the latest legal, regulatory and governance matters and ensuring their awareness of such matters</li> </ul>	<p>↔ Unchanged</p>
<p>As a listed company on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the Group must comply with the “Securities and Futures Ordinance” and the “Listing Rules” of the Stock Exchange as well as the laws and regulations in places which the Group operates in. As social and economic environment evolves, many countries and relevant authorities continue to promulgate laws and rules to update economic matters, such as corporate governance, foreign investment, commerce, tax and trade. The introduction or amendments of these laws and regulations may adversely affect the business and prospects of the Group.</p> <p>本集團作為一所於香港聯合交易所(「聯交所」)上市公司，必須遵守《證券及期貨條例》和聯交所《上市規則》以及本集團經營所在地的法律及法規。隨著社會經濟環境的變化，各國以及相關機構會不斷頒布更新公司管治、海外投資、商業、稅務及貿易等經濟事務的法律及規例。這些法律及法規的新增或變更均可能對本集團業務及前景造成負面影響。</p>	<ul style="list-style-type: none"> <li>聘請合資格的法律顧問或諮詢機構審閱相關文書並提出意見，確保遵從法律合規要求</li> <li>公司秘書負責向董事會及董事委員會就最新的法律、監管及管治事宜提供意見及確保他們得悉該等事宜</li> </ul>	<p>↔ 無變動</p>
<p><b>Energy supply risk</b> 能源供應風險</p>	<ul style="list-style-type: none"> <li>Equip production factories subject to potential electricity shortage with generators to minimize the duration of electricity shortage</li> <li>Conduct technological renovation on equipment to reduce energy consumption</li> <li>Liaise with the government to seek permit for uninterrupted electricity supply</li> </ul>	<p>↔ Unchanged</p>
<p>Electricity consumption of the Group's production process is huge and electricity shortage may adversely affect the operation of production facilities of the Group.</p> <p>本集團於製造過程中耗用大量的電力，電力供應短缺可能對本集團生產設施的運轉造成不利影響。</p>	<ul style="list-style-type: none"> <li>為可能出現電力短缺的生產工廠配備發電機，盡可能縮短電力供應短缺的時間</li> <li>對設備進行技術改造，降低能源消耗</li> <li>與政府溝通，盡可能獲取持續供應電力的許可</li> </ul>	<p>↔ 無變動</p>



# 管理層討論及分析

## MANAGEMENT DISCUSSION AND ANALYSIS

### MATERIAL RISKS OF THE GROUP (Continued)

### 本集團的重大風險(續)

Risks description 風險描述	Major control measures and risk mitigation 主要監控措施及風險對策	Changes of risk level from last year 風險水平較上年變化
<p><b>Human resources risk</b> 人力資源風險</p>		
<p>The Group operates in a labour-intensive industry. While our new plant, with more advanced production facilities, has helped to reduce our deployment of labour force to a certain extent, our need in manpower remains relatively high compared to some other industrial segments. If we experience any labour shortage or technical inadequacy of its labour force, the efficiency in utilization of our production facilities will be impaired, and our profitability will be affected as a result.</p> <p>The Group has been expanding its operation abroad. The cultural difference between our foreign and Chinese employees may bring risk to the regular and normal operation of our Company.</p>	<ul style="list-style-type: none"> <li>• Commence effective performance-based unit count in recognition of the principle of 'better reward comes with greater contribution'</li> <li>• Expand the scope of staff training to create a highly efficient and capable workforce</li> <li>• Prepare and work further ahead on any decisions related to employees and that any issue which may arise will be promptly dealt with</li> <li>• Address issue concerning the conditions of our canteen and staff quarters, enhance the quality of our employees' livelihood, and improve our backup supporting service</li> <li>• Train up and enhance the management capability of our management staff, roll out skill and capability reinforcement programme, strengthen the sense of belonging and honour of our staff</li> <li>• Improve staff retention through maintaining and expanding our presence in the locality</li> </ul>	<p style="text-align: center;">↔</p> <p style="text-align: center;">Unchanged</p>
<p>本集團所處行業為勞動密集型行業，雖然新工廠配備了更為先進的生產設施，在一定程度上降低了勞工，但是相比其他行業，對於勞工的需求依然較高。若人員不足或人員生產技能不佳將導致生產設施利用效率降低，進而影響集團的盈利能力。</p>	<ul style="list-style-type: none"> <li>• 高效開展績效計件，體現多勞多得的原則</li> <li>• 擴大員工培訓範疇，使得每個員工都具備高效的工作能力</li> <li>• 關係到員工方面的決策需提前做好預案，出現問題及時解決</li> <li>• 改善食堂、宿舍問題，提高員工生活質素，做好後勤保障服務</li> </ul>	<p style="text-align: center;">↔</p> <p style="text-align: center;">無變動</p>
<p>本集團海外規模不斷擴大，海外員工與中國籍員工的文化差異可能為企業的正常運轉帶來風險。</p>	<ul style="list-style-type: none"> <li>• 培訓提升管理人員的管理水平，開展活動提升員工的質素，增強員工對企業的認同感、榮譽感</li> <li>• 為提升員工保有率，維護並擴大公司在當地的影響力</li> </ul>	

# 管理層討論及分析

## MANAGEMENT DISCUSSION AND ANALYSIS

### MATERIAL RISKS OF THE GROUP (Continued)

### 本集團的重大風險(續)

Risks description 風險描述	Major control measures and risk mitigation 主要監控措施及風險對策	Changes of risk level from last year 風險水平較上年變化
<p><b>Environmental protection compliance risk</b> 環保合規風險</p>	<ul style="list-style-type: none"> <li>• Selectively pick our suppliers, enter into purchase agreements with suppliers which guarantee the raw materials supplied are in compliance with environmental protection standard (in particular dyestuff and chemicals)</li> <li>• Establish a factory internal check system and procedure in compliance with product-wise regular core environmental protection standard, set up a highly regulated control system and strictly implement it</li> <li>• Pay attention to news about development in environmental regulations, cause new factories to operate in strict compliance with any new regulations and existing factories to transform and upgrade their facilities in order to meet with environmental protection standard.</li> </ul>	<p>↑</p> <p>Causes of the trend:</p> <ul style="list-style-type: none"> <li>• Increase in number of dyeing factories and higher risk in environmental governance</li> <li>• Governments of different countries tighten its control over environmental protection, which may affect the production operation of business enterprises</li> </ul>
<p>Changes in existing environmental protection laws and regulations may require the Group to incur substantial expenditure to upgrade its existing environmental protection facilities and the profitability of the Group may be adversely affected.</p>	<ul style="list-style-type: none"> <li>• 優選供應商，與供應商簽訂保證原料環保達標的供貨協議，尤其是染化料及化學品方面</li> <li>• 建立產品常規核心環保指標的工廠自檢系統與流程，建立規範的管理制度並嚴格執行</li> <li>• 關注環境法規方面的變動信息，對於新建工廠嚴格按照新法規執行，對於老工廠積極進行改造及設施升級，以達到新的環保合規標準</li> </ul>	<p>↑</p> <p>形成趨勢的原因：</p> <ul style="list-style-type: none"> <li>• 染廠項目增加，環境治理風險增加</li> <li>• 各國政府對環保方面的管制力度增加，或對企業的生產經營產生影響</li> </ul>
<p>本集團生產過程須遵守各國或地區的環境保護法律及條例。本集團在過去並無因環境污染而被罰款或予以處罰，但是並不保證各國或地區政府不會於日後引入更嚴厲控制環境污染的新法律及條例。另外，本集團也因對下游產業投資而可能增加有關風險。</p>	<p>The Group's production process is subject to a wide range of the environmental protection laws and regulations in various countries and territories. The Group has not been subject to any fines or penalties concerning environmental pollution in the past. However, there can be no assurance that governments of any countries and territories will not introduce new laws and regulations to impose stricter control on environmental pollution in the future. Additionally, the risk faced by the Group may also increase as a result of investments in downstream sectors.</p>	
<p>現有環保法律及條例出現轉變，可能令本集團產生龐大的開支，以提升其現有環境保護設施的環保等級，本集團的盈利能力可能受不利影響。</p>	<p>Changes in existing environmental protection laws and regulations may require the Group to incur substantial expenditure to upgrade its existing environmental protection facilities and the profitability of the Group may be adversely affected.</p>	

# 企業管治報告

## CORPORATE GOVERNANCE REPORT

The Group is committed to maintaining a high level of corporate governance with an emphasis on the principles of transparency, accountability and independence. The Board believes that good corporate governance is essential to the success of the Group and the enhancement of shareholders' value.

### CORPORATE GOVERNANCE CODE (THE "CG CODE")

The Company is committed to maintaining high level of corporate governance and has steered its development and protected the interests of its shareholders in an enlightened and open manner. The Board comprises five executive Directors and three independent non-executive Directors. The Board has adopted the code provisions of the Corporate Governance Code (the "Code Provisions") set out in Appendix 14 to the Listing Rules. During the reporting period, the Company had complied with the Code Provisions.

### THE BOARD

The Board currently comprises eight Directors and its composition is set out as follows:

#### Executive Directors:

Hong Tianzhu (*Chairman*)  
Zhu Yongxiang (*Vice Chairman and Chief Executive Officer*)  
Tang Daoping  
Hui Tsz Wai  
Ji Zhongliang

#### Independent non-executive Directors ("INEDs"):

Tao Xiaoming  
Cheng Longdi  
Ting Leung Huel, Stephen MH, FCCA, FCPA  
(PRACTISING), ACA, CTA(HK), FHKIoD

The brief biographical details of the Directors are set out in the "Directors and Senior Management" section on pages 52 to 55. There was no relationship (including financial, business, family or other material/relevant relationship) among members of the Board.

The Company has three INEDs representing more than one-third of the Board. At least one of the INEDs has appropriate professional qualifications or accounting or related financial management expertise under Rule 3.10 of the Listing Rules. The Board has received from each of the INED an annual confirmation of his independence and considers that all the INEDs are independent under the guidelines set out in Rule 3.13 of the Listing Rules.

本集團致力維持高水平之企業管治，以強調高透明度、問責性及獨立性為原則。董事會相信優良之企業管治對本集團之成功及提升股東價值至為重要。

### 企業管治守則(「企業管治守則」)

本公司一直致力保持高水平企業管治，以開明和開放的理念維護本集團的發展及保障股東們的權益。董事會由五名執行董事及三名獨立非執行董事組成。董事會已採納載於上市規則附錄十四內企業管治守則的守則條文(「守則條文」)。於報告期內，本公司已遵守守則條文。

### 董事會

董事會目前由八名董事組成，其成員載列如下：

#### 執行董事：

洪天祝(主席)  
朱永祥(副主席兼行政總裁)

湯道平  
許子慧  
吉忠良

#### 獨立非執行董事(「獨立非執行董事」)：

陶肖明  
程隆棟  
丁良輝MH, FCCA, FCPA  
(PRACTISING), ACA, CTA(HK), FHKIoD

董事之履歷詳情載於第52至55頁之「董事及高級管理層」一節內。董事會成員間概無任何關係(包括財務、業務、家庭或其他重大／相關關係)。

本公司之三名獨立非執行董事佔董事會人數多於三分之一。根據上市規則第3.10條，至少一名獨立非執行董事必須具備適當之專業資格或會計或相關財務管理專業知識。董事會已接獲每名獨立非執行董事有關其獨立性之年度確認書，並認為所有獨立非執行董事均具備上市規則第3.13條所載之指引下之獨立性。

# 企業管治報告

## CORPORATE GOVERNANCE REPORT

### THE BOARD (Continued)

The Board meets regularly to discuss the overall strategy as well as the operation and financial performance of the Group, and to review and approve the Group's annual and interim results. During the year, four Board meetings and one general meeting were held and attendance of each Director at the Board meetings and the general meeting is set out as follows:

### 董事會(續)

董事會定期召開會議，討論本集團之整體策略以及營運及財政表現，並審閱及批准本集團之全年及中期業績。於年內，已舉行四次董事會會議及一次股東大會，各董事出席董事會會議及股東大會之情況如下：

		Number of Board meetings attended/held 出席／ 舉行董事會 會議次數	Number of General meetings attended/held 出席／ 舉行股東 大會次數
<b>Executive Directors:</b>	<b>執行董事：</b>		
Hong Tianzhu (Chairman)	洪天祝 (主席)	4/4	1/1
Zhu Yongxiang (Vice Chairman and Chief Executive Officer)	朱永祥(副主席兼行政總裁)	4/4	0/1
Tang Daoping	湯道平	4/4	0/1
Hui Tsz Wai	許子慧	4/4	1/1
Ji Zhongliang	吉忠良	4/4	0/1
<b>Independent Non-Executive Directors:</b>	<b>獨立非執行董事：</b>		
Cheng Longdi	程隆棟	4/4	0/1
Ting Leung Huel, Stephen MH, FCCA, FCPA (PRACTISING), ACA, CTA(HK), FHKIoD	丁良輝 MH, FCCA, FCPA (PRACTISING), ACA, CTA(HK), FHKIoD	4/4	1/1
Tao Xiaoming	陶肖明	4/4	1/1

The Board is responsible for considering and decision making for matters covering mainly the Group's overall strategy, investment plans, annual and interim results, recommendations on Directors' appointment or reappointment, material contracts and transactions as well as other significant policies and financial matters. The Board has delegated the day-to-day responsibility to the senior management under the supervision of the Board.

董事會負責考慮和決策之事宜包括本集團整體策略、投資計劃、全年及中期業績、董事委任或重新委任之建議、重大合約及交易，以及其他重大政策及財務等事宜。董事會已將日常職責委派予高級管理層，並由董事會監督。

Board meetings are scheduled to be held at approximately quarterly intervals and as required by business needs. At least 14 days' notice of a Board meeting is normally given to all Directors who are given an opportunity to include matters for discussion in the agenda. The company secretary assists the chairman of the Board in preparing the agenda for meetings and ensures that all applicable rules and regulations are complied with. The agenda and the accompanying Board papers are normally sent to all Directors at least three days before the intended date of a regular Board meeting (and so far as practicable for other Board meetings). Draft minutes of each Board meeting are circulated to all Directors for their comment before the same will be tabled at the following Board meeting for approval. All minutes are kept by the company secretary and are open for inspection at any reasonable time on reasonable notice by any Director.

董事會會議預定為約每季及按業務需要而舉行。召開董事會會議一般會給予全體董事至少十四天之通知，以便彼等皆有機會提出商討事項列入會議議程。公司秘書協助董事會主席編製會議議程，以及確保已遵守所有適用規則及規例。議程及隨附之董事會文件一般在舉行定期董事會會議(及就可行情況下，其他董事會會議)前至少三天發呈全體董事。每份董事會會議記錄之初稿於提交下一次董事會會議審批前，先供全體董事傳閱並提出意見。所有會議記錄均由公司秘書保存，並供任何董事於發出合理通知時，於任何合理時間內查閱。



# 企業管治報告

## CORPORATE GOVERNANCE REPORT

### THE BOARD (Continued)

Every Director is entitled to have access to Board papers and related materials and has access to the advice and services of the company secretary. The Board and each Director also have separate and independent access to the Company's senior management. Directors will be continuously updated on the major development of the Listing Rules and other applicable regulatory requirements to ensure compliance and upkeep of good corporate governance practices.

### DIRECTORS' CONTINUOUS PROFESSIONAL DEVELOPMENT

To ensure the Directors' contribution to the Board remains informed and relevant and in compliance with paragraph A.6.5 of the CG Code, the Company would arrange and fund suitable continuous professional development for the Directors to participate in order to develop and refresh their knowledge and skills.

During the year ended 31 December 2019, the Company had provided all the Directors with regular updates regarding the Company's performance as well as updates on latest amendments and developments to the Listing Rules and other relevant legal and regulatory requirements from time to time.

### DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct ("the Securities Code") regarding securities transactions by Directors and officers on terms no less exacting than the required standard set out in the Model Code ("Model Code") for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules.

A copy of the Securities Code has been sent to each Director of the Company first on his/her appointment and thereafter twice annually, 30 days and 60 days before the date of the Board meetings to approve the Company's interim result and annual result respectively, with a reminder that the Director cannot deal in the securities and derivatives of the Company until after such results have been published, and that all his dealings must be conducted in accordance with the Securities Code.

Under the Securities Code, the Directors are required to notify Mr. Hong Tianzhu or Mr. Zhu Yongxiang or a Director (other than himself/herself) designated by the Board for the specific purpose (the "Designated Director") and receive a dated written acknowledgement from such Designated Director before dealing in the securities and derivatives of the Company.

During the year ended 31 December 2019, the Company, having made specific enquiry on all the Directors, confirms that all the Directors have complied with the required standard set out in the Securities Code and the Model Code.

### 董事會(續)

每名董事有權查閱董事會文件及相關資料，及可向公司秘書尋求意見及服務。董事會及各董事亦可個別及獨立地接觸本公司之高級管理層。董事將獲持續提供上市規則及其他適用監管規定之最新發展之資料，以確保彼等遵守及秉持優秀企業管治常規。

### 董事之持續專業發展

為確保董事在具備全面資訊及切合所需之情況下對董事會作出貢獻，符合企業管治守則第A.6.5條，本集團為董事安排及出資支持適合之持續專業發展項目，供學習及更新知識及技能。

於截至二零一九年十二月三十一日止年度，本公司向全體董事提供有關本公司表現之定期更新，亦不時向全體董事提供有關上市規則以及其他相關法律及監管規定之最新修訂及發展之最新資料。

### 董事進行之證券交易

本公司已就有關董事及主要人員進行之證券交易採納一套操守守則(「《證券守則》」)，條款不遜於上市規則附錄十上市發行人董事進行證券交易的標準守則(「《標準守則》」)所載之要求標準。

《證券守則》之副本已於本公司每名董事首次獲委任時，及其後每年兩次(分別於批准本公司中期業績及全年業績而召開之董事會會議日期前30天及60天送交各董事，連同之備忘錄列明，在有關業績刊發前，董事不得買賣本公司證券及衍生工具，而一切買賣均須根據《證券守則》進行。

根據《證券守則》，董事在買賣本公司之證券及衍生工具前，須知會洪天祝先生或朱永祥先生或董事會就特定目的而指定之一名董事(「指定董事」)(除該董事本身外)，並接獲該指定董事發出具有日期之書面確認。

於截至二零一九年十二月三十一日止年度，本公司經向全體董事作出特定查詢後，確認所有董事已一直遵守《證券守則》及《標準守則》所載之標準。

# 企業管治報告

## CORPORATE GOVERNANCE REPORT

### ROLES OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Mr. Hong Tianzhu is the chairman of the Company. Mr. Zhu Yongxiang is the vice chairman and chief executive officer of the Company.

### TERM OF APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of Mr. Ting Leung Huel Stephen, Professor Cheng Longdi, Professor Tao Xiaoming has been appointed as an independent non-executive Director for an initial term of one year commencing from their respective date of appointment as an INED renewable automatically for successive term of one year each commencing from the next day after the expiry of the then current term of appointment, unless terminated by not less than three months' notice in writing served by either the independent non-executive Director or the Company expiring at the end of the initial term or at any time thereafter. The Company has paid an annual director's fee of HKD300,000 to Mr. Ting Leung Huel Stephen, HKD150,000 to Professor Cheng Longdi, and HKD180,000 to Professor Tao Xiaoming for the year ended 31 December 2019. Save for the above directors' fees, none of the independent non-executive Directors has received any other remuneration for holding their office as an independent non-executive Director.

### BOARD COMMITTEES

The Board has established a remuneration committee (the "Remuneration Committee"), an audit committee (the "Audit Committee") and the nomination committee (the "Nomination Committee"), each of which has its specific written terms of reference. Copies of minutes of all meetings and resolutions of the committees, which are kept by the company secretary, are circulated to all Board members and the committees are required to report back to the Board on their decision and recommendations where appropriate. The procedures and arrangements for a Board meeting, as mentioned on page 29 in the section "The Board" above, have been adopted for the committee meetings so far as practicable.

### 主席及行政總裁之角色

守則A.2.1規定主席與行政總裁的角色應有區分，並不應由一人同時兼任。

洪天祝先生為本公司的主席。朱永祥先生為本公司的副主席兼行政總裁。

### 獨立非執行董事之委任任期

丁良輝先生、程隆棣教授及陶肖明教授已獲委任為獨立非執行董事，首任年期為一年，由彼等各自獲委任為獨立非執行董事之日期開始，自當時委任任期屆滿翌日起自動連任一年，惟獨立非執行董事或本公司於首任到期時或之後任何時間以不少於三個月書面通知終止委任除外。本公司已就截至二零一九年十二月三十一日止年度分別向丁良輝先生、程隆棣教授及陶肖明教授支付年度董事袍金300,000港元、150,000港元及180,000港元。除上述董事袍金外，並無任何獨立非執行董事預期可就擔任其獨立非執行董事的職位收取任何其他酬金。

### 董事委員會

董事會已成立薪酬委員會（「薪酬委員會」）、審核委員會（「審核委員會」）及提名委員會（「提名委員會」），並以書面具體列明其職權範圍。所有委員會之會議記錄及決議案均由公司秘書保存，並提供副本予全體董事會成員傳閱，而各委員會需按其決定及建議（倘適合）向董事會匯報。董事會會議之程序及安排（於上文第29頁「董事會」一節提述）已按可行情況在每次委員會會議上採納。

**BOARD COMMITTEES** (Continued)

**Remuneration Committee**

The Company has established the Remuneration Committee since November 2004, which currently comprises three independent non-executive Directors of the Company, namely Mr. Ting Leung Huel, Stephen, Professor Tao Xiaoming and Professor Cheng Longdi and the chairman and an executive Director of the Company, namely Mr. Hong Tianzhu. The chairman of the Remuneration Committee is Mr. Ting Leung Huel, Stephen. The Remuneration Committee has adopted terms of reference which are in line with the code provisions of the CG Code. The Remuneration Committee is provided with sufficient resources to discharge its duties and has access to independent professional advice in accordance with the Company's policy if considered necessary.

The major roles and functions of the Remuneration Committee are:

- (a) to make recommendations to the Board on the Company's policy and structure for all directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (b) to review and approve the management's remuneration proposals with reference to the board's corporate goals and objectives;
- (c) to make recommendations to the board on the remuneration packages of individual executive Directors and senior management, this should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- (d) to make recommendations to the Board on the remuneration of non-executive Directors;
- (e) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
- (f) to review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- (g) to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and
- (h) to ensure that no director or any of his associates is involved in deciding his own remuneration.

**董事委員會(續)**

**薪酬委員會**

本公司自二零零四年十一月起已成立薪酬委員會，現時該委員會由本公司三名獨立非執行董事組成，包括丁良輝先生、陶肖明教授及程隆棣教授及本公司主席兼執行董事洪天祝先生。薪酬委員會主席為丁良輝先生。薪酬委員會已採納符合企業管治守則守則條文的職權範圍。薪酬委員會獲提供充裕資源以履行其職務，並可按本公司政策在有需要時尋求獨立專業意見。

薪酬委員會之主要角色及職能如下：

- (a) 就本公司全體董事及高級管理人員的薪酬政策及架構，及就設立正規而具透明度的程序制訂薪酬政策，向董事會提出建議；
- (b) 因應董事會所訂企業方針及目標而檢討及批准管理層的薪酬建議；
- (c) 就個別執行董事及高級管理人員的薪酬待遇向董事會提供推薦建議。此應包括非金錢利益、退休金權利及賠償金額(包括喪失或終止職務或委任的賠償)；
- (d) 就非執行董事的薪酬向董事會提出建議；
- (e) 考慮同類公司支付的薪酬、須付出的時間及職責以及本集團內其他職位的僱用條件；
- (f) 檢討及批准向執行董事及高級管理人員就其喪失或終止職位或委任而須支付的賠償，以確保該等賠償與合約條款一致；若未能與合約條款一致，賠償亦須公平合理，不致過多；
- (g) 檢討及批准因董事行為失當而解僱或罷免有關董事所涉及的賠償安排，以確保該等安排與合約條款一致；若未能與合約條款一致，有關賠償亦須合理適當；及
- (h) 確保任何董事或其任何聯繫人不得參與釐定他自己的薪酬。

# 企業管治報告

## CORPORATE GOVERNANCE REPORT

### BOARD COMMITTEES (Continued)

#### Remuneration Committee (Continued)

The Remuneration Committee shall meet at least once a year. One committee meeting was held in 2019 to review and discuss the existing policy and structure for the remuneration of Directors, the remuneration packages of both the executive and non-executive Directors and the attendance of each member is set out as follows:

Committee member	委員會成員	Number of committee meeting attended/held 出席/舉行委員會會議之次數
Ting Leung Huel, Stephen	丁良輝	1/1
Hong Tianzhu	洪天祝	1/1
Tao Xiaoming	陶肖明	1/1
Cheng Longdi	程隆棣	1/1

In addition to the Committee meetings, the Remuneration Committee also dealt with matters by way of circulation during 2019. The remuneration payable to Directors will depend on their respective contractual terms under their employment or service contracts as approved by the Board on the recommendation of the Remuneration Committee.

In order to attract, retain and motivate the senior executives and key employees of the Group, including the executive Directors, the Company adopted a share option scheme (the "Share Option Scheme") in April 2014 for a term of ten years. Details of the share option scheme are set out in the Directors' Report on pages 60 to 62 and note 17 to the financial statements.

#### Audit Committee

The Audit Committee has been established since November 2004, the current members of the Audit Committee are Mr. Ting Leung Huel, Stephen, Professor Tao Xiaoming and Professor Cheng Longdi. The chairman of the Audit Committee is Mr. Ting Leung Huel, Stephen. To retain independence and objectivity, the Audit Committee has been chaired by an INED with appropriate professional qualifications or accounting or related financial management expertise. The Audit Committee has adopted terms of reference, which are in line with the code provisions of the CG Code. The Audit Committee is provided with sufficient resources to discharge its duties and has access to independent professional advice according to the Company's policy if considered necessary.

#### 董事委員會(續)

##### 薪酬委員會(續)

薪酬委員會每年須至少召開一次會議。於二零一九年已舉行一次委員會會議，以審議及討論董事之現行薪酬政策及架構，執行董事及非執行董事之薪酬待遇，而各成員之出席情況如下：

除委員會會議外，薪酬委員會亦於二零一九年內透過傳閱方式處理事宜。應付董事之薪酬將視乎薪酬委員會向董事會提供之建議獲批准後，並按各自之僱傭或服務合約內之條款而釐定。

本公司已於二零一四年四月採納一項購股權計劃(「購股權計劃」)以吸引、延攬及推動本集團高級行政人員及主要僱員(包括執行董事)，為期十年。購股權計劃詳情載於董事會報告第60至62頁及財務報表附註17。

#### 審核委員會

審核委員會自二零零四年十一月成立，現有成員為丁良輝先生、陶肖明教授及程隆棣教授。審核委員會主席為丁良輝先生。為保持獨立性及客觀性，審核委員會由一名具備合適專業資格或會計或相關財務管理專業知識之獨立非執行董事擔任主席。審核委員會已採納符合企業管治守則守則條文的職權範圍。審核委員會獲提供充裕資源以履行其職務，並可按本公司之政策在有需要時尋求獨立專業意見。



# 企業管治報告

## CORPORATE GOVERNANCE REPORT

### BOARD COMMITTEES (Continued)

#### Audit Committee (Continued)

The major roles and functions of the Audit Committee are:

- (a) to be primarily responsible for making recommendation to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of that auditor;
- (b) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standard;
- (c) to develop and implement policy on the engagement of an external auditor to supply non-audit services;
- (d) to monitor integrity of financial statements of the Company and the Company's annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgments contained in them, and to review the Company's annual report and accounts, half-year report and, if prepared for publication, quarterly reports before submission to the Board;
- (e) to discuss problems and reservations arising from the interim and final audits, and any matters the auditors may wish to discuss;
- (f) to review the Company's financial controls, risk management and internal control systems;
- (g) to discuss with the management the risk management and internal control systems and ensure that management has discharged its duty to have effective systems;
- (h) to consider any findings of major investigations of risk management and internal control matters as delegated by the Board or on its own initiative and management's response;
- (i) to review the Group's financial and accounting policies and practices; and
- (j) to review the external auditor's management letter, any material queries raised by the auditor to management in respect of the accounting records, financial accounts or systems of control and management's response.

### 董事委員會(續)

#### 審核委員會(續)

審核委員會之主要角色及職能：

- (a) 主要負責向董事會就委任、重新委任及罷免外聘核數師提出建議，以及批准外聘核數師之薪酬及聘用條款，並處理任何有關該核數師辭任或辭退該核數師之問題；
- (b) 根據適用準則檢討及監察外聘核數師之獨立性及客觀性及審核程序之效率；
- (c) 研究及實施委任外聘核數師提供非審核服務的政策；
- (d) 監察本公司財務報表及本公司年度報告及賬目、中期報告及季度報告(倘編製供刊發之用)的完整性，並審核其中的重大財務報告判斷，及於本公司的年度報告及賬目、中期報告及季度報告(倘編製供刊發之用)呈交董事會之前先行審核；
- (e) 商議就中期審核及年終審核而產生之任何問題及保留事項，及核數師擬商討之任何事宜；
- (f) 檢討本公司之財務監控、風險管理及內部監控系統；
- (g) 與管理層討論風險管理及內部監控系統及確保管理層已盡其職責以達至有效之系統；
- (h) 考慮董事會授予或自發進行之風險管理內部監控事項之主要調查之任何結果以及管理層之回應；
- (i) 審核本集團的財務及會計政策及常規；及
- (j) 審核外聘核數師的管理函件、核數師就會計記錄、財務賬目或控制系統向管理層提出的任何重大提問，及管理層的回應。

# 企業管治報告

## CORPORATE GOVERNANCE REPORT

### BOARD COMMITTEES (Continued)

#### Audit Committee (Continued)

The Audit Committee shall meet at least twice a year. Two committee meetings were held in 2019 and the attendance of each member is set out as follows:

Committee member	委員會成員	Number of committee meeting attended/held 出席／舉行委員會會議之次數
Ting Leung Huel, Stephen	丁良輝	2/2
Tao Xiaoming	陶肖明	2/2
Cheng Longdi	程隆棣	2/2

During the meetings held in 2019, the Audit Committee had performed the work as summarised below:

- (i) reviewed and approved the audit scope and fees proposed by the external auditor regarding the final audit of the Group for the year ended 31 December 2018 (the “2018 Final Audit”);
- (ii) reviewed the external auditor’s report of findings in relation to the 2018 Final Audit;
- (iii) reviewed the financial reports for the year ended 31 December 2018 and for the six months ended 30 June 2019; and
- (iv) reviewed the effectiveness of internal control system of the Group including financial, operational and compliance control and risk management functions of the Group.

There was no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of the external auditors.

#### Nomination Committee

On 19 March 2012, the Board has approved the establishment of the Nomination Committee which became effective on 1 April 2012. The current members of Nomination Committee comprises an executive Director and the chairman of the Company, Mr. Hong Tianzhu and three independent non-executive Directors, namely Professor Tao Xiaoming, Professor Cheng Longdi and Mr. Ting Leung Huel, Stephen. The chairman of the Nomination Committee is Mr. Hong Tianzhu. The Nomination Committee has adopted terms of reference which are in line with the code provisions of the CG Code. The Nomination Committee is provided with sufficient resources to discharge its duties and has access to independent professional advice in accordance with the Company’s policy if considered necessary.

### 董事委員會(續)

#### 審核委員會(續)

審核委員會每年須至少召開兩次會議。於二零一九年已舉行兩次委員會會議，而各成員之出席情況如下：

Committee member	委員會成員	Number of committee meeting attended/held 出席／舉行委員會會議之次數
Ting Leung Huel, Stephen	丁良輝	2/2
Tao Xiaoming	陶肖明	2/2
Cheng Longdi	程隆棣	2/2

於二零一九年舉行之會議，審核委員會已履行之工作概述如下：

- (i) 檢討及批准外聘核數師建議之本集團截至二零一八年十二月三十一日止年度之年終審核(「二零一八年年終審核」)之核數範圍及費用；
- (ii) 檢討外聘核數師之二零一八年年終審核結果之報告；
- (iii) 檢討截至二零一八年十二月三十一日止年度及截至二零一九年六月三十日止六個月之財務報告；及
- (iv) 檢討本集團內部監控制度，包括本集團的財務、營運及合規控制情況及風險管理功能的有效性。

董事會及審核委員會就甄選、委聘、退任或罷免外聘核數師並無意見分歧。

#### 提名委員會

於二零一二年三月十九日，董事會批准成立提名委員會，於二零一二年四月一日生效。提名委員會現任成員包括執行董事兼本公司主席洪天祝先生，及三名獨立非執行董事，即陶肖明教授、程隆棣教授及丁良輝先生。提名委員會主席為洪天祝先生。提名委員會已採納與企業管治守則的守則條文一致的職權範圍。提名委員會獲提供足夠資源履行職務，並已考慮在適當情況下，根據本公司政策尋求獨立專業意見。

# 企業管治報告

## CORPORATE GOVERNANCE REPORT

### BOARD COMMITTEES (Continued)

#### Nomination Committee (Continued)

The major roles and functions of the Nomination Committee are:

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|--|--|
| <p>(a) to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the board to complement the Company's corporate strategy;</p> <p>(b) to identify individuals suitably qualified to become members of the Board and select or make recommendations to the Board on the selection of individuals nominated for directorships;</p> <p>(c) to assess the independence of the independent non-executive Directors;</p> <p>(d) to make recommendations to the Board on:</p> <ul style="list-style-type: none"><li>(i) the role, responsibilities, capabilities, skills, knowledge and experience required from members of the Board;</li><li>(ii) the policy on the terms of employment of non-executive Directors;</li><li>(iii) the composition of the Audit Committee, Remuneration Committee and other board committees of the Company;</li><li>(iv) proposed changes to the structure, size and composition of the Board;</li><li>(v) candidates suitably qualified to become members of the Board;</li><li>(vi) the selection of individuals nominated for directorship;</li><li>(vii) the re-election by shareholders of the Company of any Directors who are to retire by rotation having regard to their performance and ability to continue to contribute to the Board;</li><li>(viii) the continuation (or not) in service of any independent non-executive Director serving more than nine years and to provide recommendation to the shareholders of the Company as to how to vote in the resolution approving the re-election of such independent non-executive Director;</li><li>(ix) the appointment or re-appointment of Directors;</li><li>(x) succession planning for Directors in particular the chairman and the chief executive; and</li><li>(xi) the policy concerning diversity of Board members;</li></ul> | <p><b>董事委員會(續)</b><br/><b>提名委員會(續)</b><br/>提名委員會的主要職位及功能如下：</p> <p>(a) 至少每年檢討董事會的架構、人數及組成(包括技能、知識及經驗方面)，並為配合本公司的企業策略而擬對董事會作出調整向董事會提出建議；</p> <p>(b) 物色具備合適資格可擔任董事的人士，並挑選提名有關人士出任董事或就此向董事會提供意見；</p> <p>(c) 評估獨立非執行董事的獨立性；</p> <p>(d) 向董事會就下列事宜作出推薦建議：</p> <ul style="list-style-type: none"><li>(i) 作為董事會成員所應有的角色、責任、能力、技能、知識及經驗；</li><li>(ii) 委聘非執行董事條件的政策；</li><li>(iii) 本公司審核委員會、薪酬委員會及其他董事會委員會的組成；</li><li>(iv) 董事會的架構、人數及組成擬作出的變動；</li><li>(v) 具備合適資格擔任董事的候選人；</li><li>(vi) 挑選被提名人士出任董事；</li><li>(vii) 由本公司股東重新委任輪流退任董事，於此，須考慮其工作表現及對董事會繼續作出貢獻的能力；</li><li>(viii) 在任多於九年的獨立非執行董事的去留問題，並就是否贊成批准該等獨立非執行董事連任的決議案向本公司股東提供建議；</li><li>(ix) 委任或重新委任董事；</li><li>(x) 董事接替計劃(尤其是主席及行政總裁)；及</li><li>(xi) 有關董事會成員多元化的政策；</li></ul> |
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# 企業管治報告

## CORPORATE GOVERNANCE REPORT

### BOARD COMMITTEES (Continued)

#### Nomination Committee (Continued)

- (e) to give full consideration to the following in the discharge of its duties as mentioned above or elsewhere in these terms of reference:
- (i) succession planning of Directors;
  - (ii) leadership needs of the Group with a view of maintaining or fostering the competitive edge of the Group over others;
  - (iii) changes in market environment and commercial needs of the market in which the Group operates;
  - (iv) the skills and expertise required from members of the Board;
  - (v) the Board's policy concerning diversity of Board members adopted from time to time; and
  - (vi) the relevant requirements of the Listing Rules with regard to directors of a listed issuer;
- (f) in respect of any proposed service contracts to be entered into by any members of the Group with its director or proposed director, which require the prior approval of the shareholders of the Company at general meeting under rule 13.68 of the Listing Rules, to review and provide recommendations to the shareholders of the Company (other than shareholders who are directors with a material interest in the relevant service contracts and their respective associates) as to whether the terms of the service contracts are fair and reasonable and whether such service contracts are in the interests of the Company and the shareholders as a whole, and to advise shareholders on how to vote;
- (g) to ensure upon the appointment to the Board, non-executive Directors receive a formal letter of appointment setting out what is expected of them in terms of time commitment, committee service and involvement outside meetings of the Board;
- (h) to conduct interviews with any Director upon their resignation in order to ascertain the reasons for his departure; and
- (i) to consider other matters, as defined or assigned by the Board from time to time.

### 董事委員會(續)

#### 提名委員會(續)

- (e) 在履行上述責任或本職權範圍項下的其他責任，對下列各項給予充分考慮：
- (i) 董事繼任計劃；
  - (ii) 本集團為保持或加強本集團的競爭優勢所需要的領導才能；
  - (iii) 市場環境的轉變及本集團營運市場的商業需要；
  - (iv) 董事會成員所須具備的技能及專才；
  - (v) 董事會不時採納有關董事會成員多元化的政策；及
  - (vi) 上市規則對上市發行人的董事的相關要求；
- (f) 檢討及就所有按上市規則第13.68條須事先取得本公司股東於股東大會上批准的現董事或建議委任董事與本集團任何成員的擬定服務合同，就該議定服務合同條款的公平及合理性、服務合同對本公司及股東而言是否整體有利及本公司股東應怎樣作出表決，向本公司股東(而身為董事並在該等服務合同中有重大利益的股東和彼等各自聯繫人除外)提呈建議；
- (g) 確保非執行董事獲邀加入董事會時收到正式的聘書，其中列明公司期望非執行董事投入的時間、應盡的服務和在董事會會議以外的參與；
- (h) 會見辭去本公司董事職責的董事並瞭解其離職原因；及
- (i) 考慮董事會不時確定或委派的其他事項。

# 企業管治報告

## CORPORATE GOVERNANCE REPORT

### DIRECTOR NOMINATION POLICY

The director nomination policy of Company aims to set out the criteria and process in the nomination and appointment of directors of the Company; ensure that the board (the "Board") of directors of the Company has a balance of skills, experience and diversity of perspectives appropriate to the Company; and ensure the Board continuity and appropriate leadership at Board level.

### Criteria for nomination and appointment of Directors

The criteria for selecting any candidate for directorship are set out as follows:

- bringing an independent judgment and make constructive recommendation on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conducts;
- taking the lead where potential conflicts of interests arise;
- serving on the Audit Committee, and the Remuneration Committee and the Nomination Committee (in the case of candidate for Non-Executive Director) and other relevant Board Committees, if invited;
- devoting sufficient time to the Board and/or any Committee(s) on which he or she serves so as to allow them to benefit from his or her skills, expertise, and varied backgrounds and qualifications and diversity through attendance and participation in the Board;
- scrutinising the Company's performance in achieving agreed corporate goals and objectives, and monitoring the reporting of performance;
- ensuring the Nomination Committees on which he or she serves to perform their powers and functions conferred on them by the Board; and
- conforming to any requirement, direction and regulation that may from time to time be prescribed by the Board or contained in the constitutional documents of the Company or imposed by legislation or the Listing Rules, where appropriate.

### 董事提名政策

本公司董事提名政策旨在載列本公司提名及委任董事的準則及程序；確保本公司的董事會（「董事會」）成員具備切合本公司業務所需的技能、經驗及多元觀點；及確保董事會的持續性及維持其領導角色。

### 董事提名及委任標準

甄選董事候選人的標準如下：

- 就策略、政策、表現、職責、資源、主要委任及操守準則等事項作出獨立判斷及提供建設性建議；
- 於發生潛在利益衝突時發揮領導作用；
- 服務於審核委員會、薪酬委員會及提名委員會（如為非執行董事候選人）以及其他相關董事委員會（如獲邀請）；
- 對董事會及／或所服務的任何委員會投入充足時間，從而透過出席及參與董事會而令董事會及任何委員會受惠於其技能、專長、各種背景及資格以及多元觀點；
- 監察本公司在達致議定企業宗旨及目標方面的表現以及監督相關表現的申報情況；
- 確保所服務的提名委員會履行董事會授予的權力及職能；及
- 遵守董事會不時訂定或本公司章程文件不時所載或法例或上市規則不時施加的任何規定、指示及規例（如適用）。



**DIRECTOR NOMINATION POLICY** (Continued)

If the candidate is proposed to be appointed as an INED, his or her independence shall be assessed in accordance with, among other things, the factors as set out in Rule 3.13 of the Listing Rules, subject to any amendments as may be made by the Stock Exchange from time to time. Where applicable, the totality of the candidate's education, qualifications and experience shall also be evaluated to consider whether he or she has the appropriate professional qualifications or accounting or related financial management expertise for filling the office of an INED with such qualifications or expertise as required under Rule 3.10(2) of the Listing Rules.

**Nomination process**

**(a) Appointment of New Director**

- (i) The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of new director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.
- (ii) If the process yields one or more desirable candidates, the Nomination Committee and/or the Board should rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable).
- (iii) The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable.
- (iv) For any person that is nominated by a shareholder for election as a director at the general meeting of the Company, the Nomination Committee and/or the Board should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

Where appropriate, the Nomination Committee and/or the Board should make recommendation to shareholders in respect of the proposed election of director at the general meeting.

**董事提名政策** (續)

如建議委任候選人為獨立非執行董事，則須根據(其中包括)上市規則第3.13條(經聯交所可能不時作出修訂)所載的因素評估其獨立性。如適用，則亦須評估該候選人的學歷、資格及經驗等整體情況，以考慮其是否具備合適的專業資格或會計或相關財務管理專長(即上市規則第3.10(2)條所規定的相關資格或專長)以擔任獨立非執行董事。

**提名程序**

**(a) 委任新董事**

- (i) 提名委員會及／或董事會應在收到委任新董事的建議及候選人的履歷資料(或相關詳情)後，依據上述準則評估該候選人，以判斷該候選人是否合資格擔任董事。
- (ii) 如過程涉及一個或多個合意的候選人，提名委員會及／或董事會應根據本公司的需要及各候選人的證明審查(如適用)排列彼等的優先次序。
- (iii) 提名委員會隨後應就委任合適人選擔任董事一事向董事會提出推薦意見(如適用)。
- (iv) 就任何經由股東提名於本公司股東大會上選舉為董事的人士，提名委員會及／或董事會應依據上述準則評估該候選人，以判斷該候選人是否合資格擔任董事。

倘適合，提名委員會及／或董事會應就於股東大會上選舉董事的提案向股東提出推薦意見。

**DIRECTOR NOMINATION POLICY** (Continued)

**Nomination process** (Continued)

**(b) Re-election of Director at General Meeting**

- (i) The Nomination Committee and/or the Board should review the overall contribution and service to the Company of the retiring director and the level of participation and performance on the Board.
- (ii) The Nomination Committee and/or the Board should also review and determine whether the retiring director continues to meet the criteria as set out above.
- (iii) The Nomination Committee and/or the Board should then make recommendation to shareholders in respect of the proposed re-election of director at the general meeting.

Where the Board proposes a resolution to elect or re-elect a candidate as director at the general meeting, the relevant information of the candidate will be disclosed in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting in accordance with the Listing Rules and/or applicable laws and regulations.

**(c) Re-election of INED at General Meeting**

Where the Board proposes a resolution to elect an individual as an INED at the general meeting, it should set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting:

- (i) the process used for identifying the individual and why the Board believes the individual should be elected and the reasons why it considers the individual to be independent;
- (ii) if the proposed INED will be holding their seventh (or more) listed company directorship, why the Board believes the individual would still be able to devote sufficient time to the Board;
- (iii) the perspectives, skills and experience that the individual can bring to the Board; and
- (iv) how the individual contributes to diversity (including gender diversity) of the Board.

The Nomination Committee will conduct regular review on the structure, size and composition of the Board and this Policy and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and business needs, to comply with all applicable laws and regulations from time to time and maintain good corporate governance practice.

**董事提名政策** (續)

**提名程序** (續)

**(b) 於股東大會上重選董事**

- (i) 提名委員會及／或董事會應檢討退任董事對本公司的整體貢獻及服務，以及在董事會的參與程度及表現。
- (ii) 提名委員會及／或董事會亦應檢討及確定退任董事是否仍然符合上文所載標準。
- (iii) 提名委員會及／或董事會其後應就於股東大會上重選董事的提案向股東提出推薦意見。

若董事會擬於股東大會上提呈決議案選舉或重選某候選人為董事，隨附有關股東大會通告的致股東通函及／或說明函件中，將會按上市規則及／或適用法律及法規要求披露候選人的相關資料。

**(c) 於股東大會上重選獨立非執行董事**

倘董事會提呈一項決議案於股東大會上選任某人士為獨立非執行董事，則須於相關股東大會通告隨附的致股東通函及／或說明函件內載明：

- (i) 用以物色該名人士的流程，董事會認為應選任該名人士的理由以及認為該名人士屬獨立人士的原因；
- (ii) 如建議獨立非執行董事將出任第七家(或以上)上市公司的董事，董事會認為該名人士仍可投入足夠時間履行董事責任的原因；
- (iii) 該名人士可為董事會帶來的觀點與角度、技能及經驗；及
- (iv) 該名人士如何促進董事會成員多元化(包括性別多元化)。

提名委員會將會定期為董事會的架構、規模及組成及本政策舉行檢討，並在有需要時向董事會提出修訂建議，以完善本公司的企業策略及切合本公司的業務需要，以不時遵守所有適用的法律及法規以及維持良好企業管治常規。

# 企業管治報告

## CORPORATE GOVERNANCE REPORT

### DIRECTOR NOMINATION POLICY (Continued)

On 5 August 2013, the Board adopted a board diversity policy which aims to set out the approach to achieve diversity on the Board. All Board appointments will be based on merit while taking into account diversity including gender diversity. The Nomination Committee will regularly review the measurable objectives to ensure its effectiveness to achieve diversity on the Board. The following measurable objectives have been set for implementing the board diversity policy:

- inclusion of candidates for Board members with overseas working experience (outside of PRC);
- ensuring that there is no limitation on gender on selection of Directors;
- inclusion of candidates for Board members with working experience in other industries; and
- inclusion of candidates for Board members with knowledge and skills in different aspects.

As at the date of this annual report, the above objectives have been achieved, 7 out of 8 members of the Board have overseas working experience and 2 out of 8 members of the Board have accounting or other professional qualifications.

The Nomination Committee shall meet at least once a year. One committee meeting was held in 2019 to review the structure and composition of the Board and the re-election of the retiring Directors and the attendance of each member is set out as follows:

Committee member	委員會成員	Number of committee meeting attended/held 出席／舉行委員會會議之次數
Hong Tianzhu	洪天祝	1/1
Tao Xiaoming	陶肖明	1/1
Cheng Longdi	程隆棣	1/1
Ting Leung Huel, Stephen	丁良輝	1/1

The Nomination Committee has adopted a written nomination procedure (the "Nomination Procedure") specifying the process and criteria for the selection and recommendation of candidates for directorship of the Company. The Nomination Committee shall, based on those criteria as set out in the Nomination Procedure (such as appropriate experience, personal skills and time commitment etc.), identify and recommend the proposed candidate to the Board for approval of an appointment.

### 董事提名政策(續)

董事會於二零一三年八月五日採納董事會成員多元化政策，旨在羅列達成董事會成員多元化的方法。董事會內任命的原則是任人唯才，亦考慮到多元性，包括性別多元。提名委員會將定期審閱可計量目標，確保有效達成董事會多元化。已就執行董事會多元化政策而訂立以下可計量目標：

- 董事會的候選董事應包括具備海外(中國境外)工作經驗者；
- 應確保不限性別地選任董事；
- 董事會的候選董事應包括具備其他行業工作經驗者；及
- 董事會的候選董事應具備不同領域的知識及技術。

於本年報日期，上述目標已達成，8名董事會成員中有7名具備海外工作經驗及8名董事會成員中有2名具備會計或其他專業資格。

提名委員會每年須至少召開一次會議。於二零一九年已舉行一次委員會會議，以檢討董事會的架構及組織，以及重選退任董事，而各成員之出席情況如下：

提名委員會已採納一套以書面列載之提名程序(「提名程序」)，具體列明本公司董事候選人之挑選及推薦程序及準則。提名委員會會根據提名程序所載之該等準則(如恰當資歷、個人專長及投放時間等)向董事會物色及建議人選以予批准委任。

# 企業管治報告

## CORPORATE GOVERNANCE REPORT

### DIRECTOR NOMINATION POLICY (Continued)

New Directors, on appointment, will be given an induction package containing all key legal and Listing Rules' requirements as well as guidelines on the responsibilities and obligations to be observed by a Director. The package will also include the latest published financial reports of the Company and the documentation for the corporate governance practices adopted by the Board. The senior management will subsequently conduct such briefing as is necessary to give the new Directors more detailed information on the Group's businesses and activities.

### CORPORATE GOVERNANCE PRACTICES

The Company has not set up any corporate governance committee. Since April 2012, the Board has adopted written terms of reference in compliance with the code provisions of the CG Code.

The Board is mainly responsible for keeping the effectiveness of the corporate governance and system of internal non-financial controls of the Group. The Board shall introduce and propose relevant principles concerning corporate governance and to review and determine the corporate governance policy, so as to enhance and to ensure a high standard of corporate governance practices in the Group.

During the year, the Board regularly reviews and monitors the training and continuous professional development of the Directors, and the Company's policies and practices on compliance with legal and regulatory requirements.

### ACCOUNTABILITY AND AUDIT

#### Financial Reporting

The Directors acknowledge their responsibility for preparing, with the support from finance department, the financial statements of the Group. In preparing the financial statements for the year ended 31 December 2019, the requirements of the Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of the Listing Rules and the Companies Ordinance were complied with.

The reporting responsibilities of the Company's external auditor, Messrs. PricewaterhouseCoopers, are set out in the Auditor's Report on pages 122 to 129.

#### Risk Management and Internal Control Framework

The risk management and internal controls system will assist the Group to fully achieve its strategic objective by identifying and assessing all the risk exposure of the Group and setting down corresponding control measures, with a view to attain the long-term vision of the Group. We believe that effective risk management and internal controls system will enhance shareholders' value in the long term. The risk faced by the Group directly relates to its control measures and mitigation plan.

### 董事提名政策(續)

新董事在獲委任後將會取得一套入職資料文件，載有所有主要法律及上市規則規定，以及有關董事應遵守之責任及義務之指引。資料文件亦包括本公司最新公佈之財務報告及董事會採納之企業管治常規文件。高級管理層其後將於有需要時提供說明，並為新董事提供本集團業務及活動之詳細資料。

### 企業管治常規

本公司並無設立任何企業管治委員會。由二零一二年四月起，董事會採納符合企業管治守則內各項守則條文的書面職權範圍。

董事會主要負責維持本集團的企業管治及內部非財務監控系統的有效性。董事會將就企業管治引用及建議相關守則，並審閱及釐定企業管治政策，以提高及確保本集團的高標準企業管治常規。

年內，董事會定期檢討並審視董事的培訓及持續專業發展，以及本公司遵行法定及監管要求的政策及常規。

### 問責及核數

#### 財務匯報

於財務部之協助下，董事確認彼等編製本集團財務報表之責任。截至二零一九年十二月三十一日止年度之財務報表已按照香港會計師公會頒佈之香港財務報告準則、香港會計準則及詮釋，以及上市規則及公司條例之適用披露規定而編製。

本公司外聘核數師羅兵咸永道會計師事務所之匯報責任載於第122至129頁之核數師報告。

#### 風險管理及內部監控框架

風險管理及內部監控系統藉著識別和評估本集團所面臨的各項風險，並制定相關的監控措施，協助本集團全面實現戰略目標，進而達成本集團的長期願景。我們相信有效的風險管理及內部監控系統能提升長遠的股東價值。本集團所面對的風險與其監控措施及對策有直接關聯。

# 企業管治報告

## CORPORATE GOVERNANCE REPORT

### ACCOUNTABILITY AND AUDIT (Continued)

#### Risk Management and Internal Control (Continued)

#### Framework (Continued)

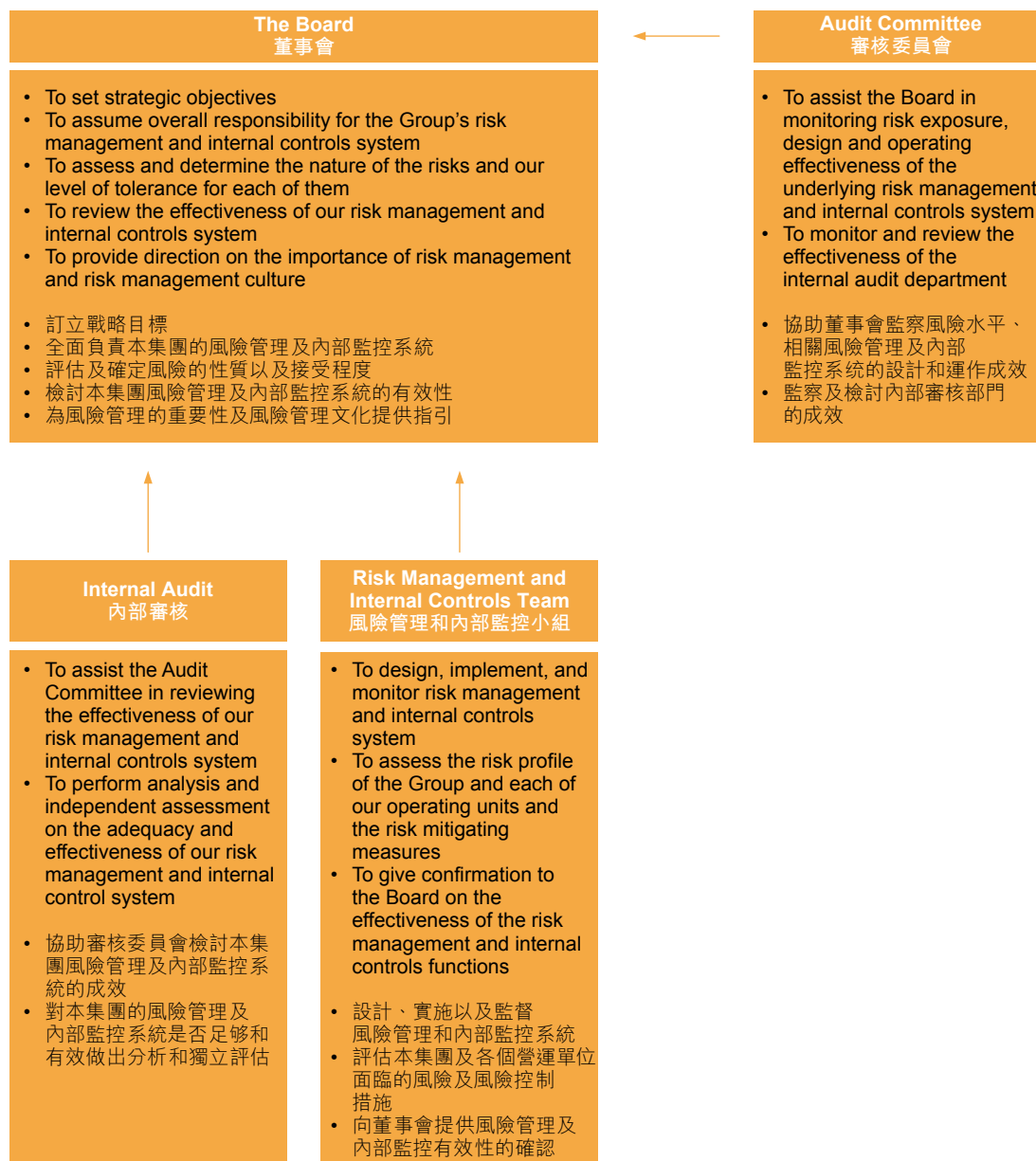
Accordingly, the risk management and internal controls framework of our Group is as follows:

### 問責及核數(續)

#### 風險管理及內部監控(續)

#### 框架(續)

由此，本集團的風險管理及內部監控框架如下：





# 企業管治報告

## CORPORATE GOVERNANCE REPORT

### ACCOUNTABILITY AND AUDIT (Continued)

#### Risk Management and Internal Control (Continued)

##### Framework (Continued)

The operating model of the Group's risk management and internal control framework conforms to the internal controls framework of COSO (the Committee of Sponsoring Organizations of the Treadway Commission) in the following five aspects:

- **Control Environment**  
The Group has established a clear organization structure and delegated powers necessary to perform different business functions to management at different levels but it is subject to the limit set by the Board. The Board meets regularly to discuss and approve the business strategies and working plans set by each operating units. The Group will report our financial performance to the Board on monthly basis.  
  
Our governance rules and requirements are very transparent to employees. We hope to build up risk awareness and internal controls responsibility in our corporate culture by creating an internal organizational environment driven by the management operating philosophy, risk awareness, integrity and ethical values.
- **Risk Assessment**  
The Group identifies, assesses and grades the risks that are most relevant to the success of the Group based on the possibility of occurrence and the impact on the financial result of the risk). Risk management and internal controls team is responsible for setting the appropriate tone from the top, performing risk assessment, as well as taking care of the design, implementation and maintenance of internal controls. Meanwhile, it requires department heads from each of the operating units to identify operating risks from the bottom in order to determine the major risks and the risk levels of the Group.
- **Control Activities**  
The Group has policy and procedure in place for all business functions, including authorization, approval and audit, recommendation, performance review, asset protection and division of duty, to ensure effective execution of organization objectives and mitigation of risk activities.
- **Information and Communication**  
The risk management and internal controls team performs risk assessment and prepare the Annual Report of Risk Management on a semi-annual basis, which sets out the identified risks and related control procedures. The report will be submitted to the Board and reviewed by the Audit Committee annually.

### 問責及核數(續)

#### 風險管理及內部監控(續)

##### 框架(續)

本集團風險管理及內部監控框架運作方式與COSO委員會(the Committee of Sponsoring Organizations of the Treadway Commission)內部監控框架一致，包括下列五方面內容：

- **監控環境**  
建立清晰的組織架構，授予各級管理層經營不同業務職能所需的權力，惟其權力範圍受到董事會設定的限制。董事會定期開會討論及通過各營運單位所制定的業務策略及工作計劃。本集團的財務表現亦會每月向董事會報告。  
  
公司管治守則及制度規定對僱員均非常透明，我們希望在企業文化中建立風險意識及內部監控責任感，營造以管理運作理念、風險意識、誠信及道德價值驅動的內部組織環境。
- **風險評估**  
本集團識別、評估、並就與本集團成功與否最為有關的風險進行評級(根據該等風險發生的可能性及其對財務結果的影響)。風險管理及內部監控小組負責「自上而下」為監控定調、風險評估及設計、執行、維護內部控制，同時「自下而上」要求各營運單位主管參與識別營運風險，從而釐定本集團的主要風險及風險等級。
- **監控活動**  
本集團為各業務功能設定政策及程序，包括授權、批准及審核、建議、表現檢討、資產保障及職責分工，確保有效執行組織目標及減低風險活動。
- **資訊及溝通**  
風險管理及內部監控小組每半年進行一次風險評估工作，編制《風險管理年度報告》，載明所識別的風險及其相關監控程序，報告將提交董事會，並由審核委員會每年審閱。

**ACCOUNTABILITY AND AUDIT (Continued)**  
**Risk Management and Internal Control (Continued)**  
**Framework (Continued)**

- **Monitoring**  
The Group self-assesses its controls and risks by internal review and circulating major control procedures to its employees to maintain continuous monitoring of the internal control procedures. Rectification will be made according to findings of the control procedures in order to improve internal monitoring.

**Risk Management and Internal Controls Team**

*Composition*

A risk management and internal controls team has been set up by the Group in 2016, which comprises Mr. Tang Daoping (executive Director and chief operation officer), Mr. Hui Tsz Wai (executive Director) and Mr. Ji Zhongliang (executive Director), and members including general manager and department head from each of our operating units, and general managers and department head of finance and human resources department of our subsidiaries. Mr. Hong Tianzhu, an executive Director and chairman of the Group and Mr. Zhu Yongxiang, an executive Director and vice chairman and chief executive officer of the Group act as advisors of the working team.

*Major Tasks*

Set out below are the major responsibilities of our risk management and internal control team:

- The team shall formulate proposal and plan for building and promotion of corporate culture in risk awareness and to lead in providing risk management training.
- The team shall prepare and conduct annual and interim reviews on risk profile and formulate mitigating measures.
- The team shall summarize and analyze the findings of the review exercise, to advise any modification to the risk management strategy, to lead and assist relevant departments in formulating counter measures in addressing any material risks.
- It shall conduct annual internal evaluation on its own risk management function, to lead and mobilize the establishment and modification of risk management and internal controls system, to give guidance to subsidiaries on initiation of setting up of risk management system.
- It shall prepare the Annual Report on Risk Management and submit the same to our Audit Committee for review and approval.
- It shall be responsible to formulate or modify the relevant risk management and internal controls system and to oversee its implementation, to give guidance and assist the subsidiaries on setting up and optimizing their risk management practical measures.

**問責及核數(續)**  
**風險管理及內部監控(續)**  
**框架(續)**

- **監察工作**  
本集團實行自我評估監控及風險，透過內部評審及向僱員傳達關鍵的監控程序，以持續監控內部控制流程。因應監控過程的結果作出修正，以改善內部監控活動。

**風險管理和內部監控小組**

*成員構成*

本集團自二零一六年起成立風險管理和內部監控小組，小組包括執行董事兼營運總裁湯道平先生、執行董事許子慧先生和執行董事吉忠良先生，小組成員包括各營運單位總經理及主要負責人、各附屬公司總經理以及財務和人事部門主要負責人。本集團執行董事兼主席洪天祝先生和執行董事兼副主席及行政總裁朱永祥先生出任工作小組顧問。

*主要工作內容*

下文列載風險管理及內部監控團隊之主要職責：

- 制定公司風險文化培育與宣貫工作方案和計劃，組織風險管理培訓。
- 組織開展年度或階段性風險評估及應對工作。
- 對評估結果匯總分析，提出風險管理策略調整建議，組織並協助相關部門制定重大風險應對方案。
- 對年度風險管理工作情況進行自評估，組織推動風險管理及內部監控體系的建設和改進提升，指導附屬公司開展風險管理體系建設。
- 編制《風險管理年度報告》，並提交本集團審核委員會審核。
- 負責擬定或修訂風險管理及內部監控相關制度並監督落實，指導和協助附屬公司制定完善具體風險的管理辦法。

# 企業管治報告

## CORPORATE GOVERNANCE REPORT

### ACCOUNTABILITY AND AUDIT (Continued)

#### Risk Management and Internal Control (Continued)

##### Risk Management and Internal Controls Team (Continued)

###### Major Tasks (Continued)

- It shall be responsible for the organization, compiling of minutes and oversight of implementation of relevant resolutions concerning the risk management function in the meetings of the Audit Committee and Board meetings.
- It shall strictly comply its plan to counter risks by implementing the measures stipulated therein and to monitor the work rate and efficiency of such implementation on an ongoing basis, and advise on remedy in a timely manner.
- It shall monitor the status and development of any risk events and formulate and devise contingency plan in a timely manner, to forthwith report or inform the Audit Committee on such matters.

###### Work Accomplished in 2019

Our risk management and internal controls team held two meetings in 2019, and reported twice to the Audit Committee and the Board on the annual risk assessment and findings of internal controls review. The team accomplished the following work in 2019:

1. issued relevant documents on risk assessment and internal controls within the Group to enhance its risk management culture;
2. performed a general review on the major risk exposure of the Group, especially in areas relating to raw material purchase, foreign exchange and exchange rate, credit management and taxation;
3. discussed the possible risk and impact on operating result with department heads from each of our operating units;
4. reviewed and improved corresponding internal controls measure;
5. prepared and submitted the annual report on risk assessment and internal controls to the Audit Committee and the Board.

Details of the major risks of the Group are set out in the "Management Discussion and Analysis" section on pages 19 to 28.

#### Review of Internal Controls Effectiveness

For the year ended 31 December 2019, our Board had reviewed the representations made by the management in respect of risk management and internal controls, and considered that our Group's risk management and internal controls system effective and adequate. No significant areas of weaknesses and deficiency that might have affected the financial, operational, compliance controls and risk management functions of the Group were identified. The Board is of the view that the resources, qualification and experience of staff of the Group's accounting, internal audit and financial reporting functions, and their training and budget are adequate.

### 問責及核數(續)

#### 風險管理及內部監控(續)

##### 風險管理和內部監控小組(續)

###### 主要工作內容(續)

- 負責審核委員會會議及董事會會議有關風險管理部分的組織、會議紀要的整理和決議事項的督促落實。
- 嚴格根據風險應對計劃，實施應對措施，並持續監控應對計劃的執行效率和效果，及時提請修正。
- 監控風險事件的變化狀態，適時制定和啓動應急預案，並及時向審核委員會通報或備案。

###### 二零一九年已完成工作

風險管理和內部監控小組於二零一九年舉行了兩次會議，並就年度風險評估及內部監控檢討結果向審核委員會和董事會彙報兩次。該小組於二零一九年已完成工作包括：

1. 本集團內部下刊發風險評估及內部監控相關文件，增強了本集團的風險管理文化；
2. 全面審視本集團面對的重大風險，尤其是有關原料採購、外匯及匯率、信用管理及稅務方面所涉及的風險；
3. 與各營運單位主管討論風險發生的可能性及對經營結果的影響；
4. 檢討及完善相應的內部監控措施；
5. 編制風險評估及內部監控年度報告，提報審核委員會及董事會。

有關本集團主要風險的詳情載列於第19至28頁之「管理層討論及分析」一節內。

#### 檢討內部監控成效

截至二零一九年十二月三十一日止年度，董事會已檢討管理層關於風險管理及內部監控有效性的聲明，認為本集團風險管理及內部監控系統有效及足夠，未發現任何可能影響集團財務監控、運作監控、合規監控以及風險管理職能的重要風險監控缺失事項。董事會認為本集團會計、內部審核及財務彙報職能方面的資源、員工資歷及經驗，以及員工所接受的培訓及預算是足夠的。

### ACCOUNTABILITY AND AUDIT (Continued)

#### Risk Management and Internal Control (Continued)

##### Review of Internal Controls Effectiveness (Continued)

The risk management and internal controls system is designed to manage rather than eliminate the risk of failure to achieve our business objectives. Like all other systems, it could not entirely eliminate the impact of all unforeseeable risks and events beyond our control that might emerge and occur during the course of our operation. Consequently, the Board may only provide reasonable, but not absolute, assurance that there was no significant misrepresentation or deficiency as to the completeness and effectiveness of our Group's risk management and internal controls.

##### Disclosure of Inside Information

Regarding procedures and measures of internal controls for the handling and dissemination of inside information, the Group:

1. is aware of its obligation under the Securities and Futures Ordinance, the Listing Rules and the overriding principle that inside information should be announced on a timely manner;
2. conducts its affairs in strict compliance with the applicable laws and regulations prevailing in Hong Kong;
3. has implemented and disclosed its policy on fair disclosure by pursuing broad, non-exclusive distribution of information to the public through channels such as financial reporting, announcements and its website;
4. has included in the Code of Conduct a strict prohibition on the unauthorized use of non-public or inside information;
5. has communicated to all relevant staff regarding the implementation of the Continuous Disclosures Policy and relevant trainings are also provided.

### 問責及核數(續)

#### 風險管理及內部監控(續)

##### 檢討內部監控成效(續)

風險管理及內部監控系統旨在管理而非消除未能達成業務目標的風險。與所有其他系統一樣，該系統並不能完全排除經營過程中遇到的不可預測風險及不可控事件等因素的影響。因此，董事會只能對本集團風險管理及內部監控的完整及有效性不會有重大的失實陳述或損失作出合理而非絕對的保證。

##### 內幕消息的披露

有關處理及發布內幕消息的程序及內部監控措施，本集團：

1. 知悉根據證券及期貨條例、上市規則以及首要原則，其有責任及時公布內幕消息；
2. 嚴格遵照香港現行適用法律及法規執行本公司事務；
3. 透過財務報告、公佈及其網站等途徑，向公眾廣泛及非獨家地披露資料，以實施及披露其公平披露政策；
4. 已將嚴格禁止非授權使用保密及內幕消息的規定納入其行為操守守則；
5. 已向所有相關人員傳達有關實施持續披露政策的執行情況並提供相關培訓。

# 企業管治報告

## CORPORATE GOVERNANCE REPORT

### ACCOUNTABILITY AND AUDIT (Continued)

#### External Auditor's Remuneration

During the year, the remuneration paid and payable to the Company's external auditor, Messrs. PricewaterhouseCoopers, is set out as follows:

### 問責及核數(續)

#### 外聘核數師之酬金

於年內，已付及應付本公司外聘核數師羅兵咸永道會計師事務所之酬金載列如下：

Services rendered to the Group	向本集團提供之服務	Paid/Payable 已付／應付費用 RMB'000 人民幣千元
Annual audit service	年度審核服務	3,850
Non-audit services (including consulting service for transfer pricing and environmental, social and governance report, agreed-upon procedures for selected financial information of the Group, and preliminary announcement of results)	非審核服務(包括轉移定價和環境、社會及管治報告的顧問服務及本集團特選財務資料及初步業績公佈的協定程序)	416
Total:	合計：	4,266

### COMMUNICATION WITH SHAREHOLDERS

The Board recognizes the importance of good communication with shareholders. Information in relation to the Group is disseminated to shareholders in a timely manner through a number of formal channels, which include interim and annual reports, announcements and circulars.

The Company's annual general meeting (the "AGM") is a valuable forum for the Board to communicate directly with the shareholders. The chairman actively participated in the AGM held during the year and personally chaired the meeting to answer any questions from the shareholders. A separate resolution had been proposed by the chairman in respect of each issue to be considered at the AGM. An AGM circular and AGM notice had been distributed to all shareholders in accordance with the requirements of the articles of association of the Company and the Listing Rules, setting out details of each proposed resolution, voting procedures and other relevant information. The chairman explained the procedures for conducting a poll at the beginning of the AGM, and answered any questions from shareholders regarding voting by way of poll.

### 與股東之溝通

董事會瞭解與股東保持良好聯繫之重要性。有關本集團之資料乃按時透過多種正式途徑向股東傳達，包括中期報告及年報、公佈及通函。

本公司股東週年大會(「股東週年大會」)乃董事會直接與股東聯繫之寶貴機會。主席於年內舉行之股東週年大會上積極回應任何股東之查詢。主席已就每項在股東週年大會上審議之議題提呈個別之決議案。股東週年大會通函及通告已根據本公司組織章程細則及上市規則之規定發送予全體股東，該通函及通告載列每項擬提呈決議案之詳情、投票程序及其他相關資料。主席於股東週年大會開始時，已解釋以投票方式進行表決之程序，已回答股東就按股數投票之任何提問。



### SHAREHOLDERS' RIGHTS

#### Procedures for shareholders to convene an extraordinary general meeting

The following procedures for shareholders (the "Shareholders", each a "Shareholder") of the Company to convene an extraordinary general meeting (the "EGM") of the Company are prepared in accordance with Article 64 of the articles of association of the Company:

1. One or more Shareholders (the "Requisitionist(s)") holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings shall have the right, by written notice (the "Requisition"), to require an EGM to be called by the Directors for the transaction of any business specified therein.
2. Such Requisition shall be made in writing to the Board or the company secretary of the Company via email at the email address of the Company at [main@texhong.com](mailto:main@texhong.com).
3. The EGM shall be held within two months after the deposit of such Requisition.
4. If the Directors fail to proceed to convene such meeting within 21 days of the deposit of such Requisition, the Requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the Requisitionist(s) as a result of the failure of the Directors shall be reimbursed to the Requisitionist(s) by the Company.

#### Procedures for raising enquiries

1. Shareholders should direct their questions about their shareholdings, share transfer, registration and payment of dividend to the Company's branch share registrar in Hong Kong, details of which are set out in the section headed "Corporate Information" of this annual report.
2. Shareholders may at any time raise any enquiry in respect of the Company via email at the email address of the Company at [main@texhong.com](mailto:main@texhong.com).
3. Shareholders are reminded to lodge their questions together with their detailed contact information for the prompt response from the Company if it deems appropriate.

### 股東權利

#### 股東召開股東特別大會之程序

下列本公司股東(「股東」, 各為一名「股東」)召開股東特別大會(「股東特別大會」)之程序, 乃根據本公司組織章程細則第64條所編製:

1. 於遞呈要求日期持有不少於本公司繳足股本十分之一的任何一名或多名有權於股東大會上投票的股東(「呈請人」)通過書面通知有權要求董事會召開股東特別大會(「呈請」), 以處理有關要求中指明的任何事項。
2. 有關呈請須以書面形式並透過發送電郵至本公司電郵地址 [main@texhong.com](mailto:main@texhong.com) 向本公司董事會或公司秘書提出。
3. 股東特別大會將於遞呈呈請後兩個月內召開。
4. 倘董事未能在呈請遞交後21天內召開股東特別大會, 則呈請人以同樣方式可自行召開股東特別大會, 而因董事未能召開該大會令呈請人產生的所有合理費用, 本公司須向呈請人進行償付。

#### 提出查詢的程序

1. 股東如對名下股權、股份轉讓、登記及派付股息有任何疑問, 應向本公司香港股份過戶登記分處提出, 其詳情載於本年報「公司資料」一節內。
2. 股東可隨時透過發送電郵本公司電郵地址 [main@texhong.com](mailto:main@texhong.com) 提出任何有關本公司的查詢。
3. 倘股東提出問題時, 務請留下彼等詳細聯絡資料以便本公司適時迅速回應。

# 企業管治報告

## CORPORATE GOVERNANCE REPORT

### SHAREHOLDERS' RIGHTS (Continued)

#### Procedures and contact details for putting forward proposals at shareholders' meetings

1. To put forward proposals at a general meeting of the Company, a Shareholder should lodge a written notice of his/her/its proposal (the "Proposal") with his/her/its detailed contact information via email at the email address of the Company at [main@texhong.com](mailto:main@texhong.com).
2. The identity of the Shareholder and his/her/its request will be verified with the Company's branch share registrar in Hong Kong and upon confirmation by the branch share registrar that the request is proper and in order and made by a Shareholder, the Board will include the Proposal in the agenda for the general meeting.
3. The notice period to be given to all the Shareholders for consideration of the Proposal raised by the Shareholder concerned at the general meeting varies according to the nature of the Proposal as follows:
  - (i) Notice of not less than 21 days in writing if the Proposal requires approval by way of an ordinary resolution in an annual general meeting or a special resolution of the Company;
  - (ii) Notice of not less than 14 days in writing if the Proposal requires approval in meeting other than an annual general meeting or approval by way of a special resolution of the Company.

### CORPORATE GOVERNANCE ENHANCEMENT

Enhancing corporate governance is not simply a matter of applying and complying with the CG Code but about promoting and developing an ethical and healthy corporate culture. We will continue to review and, where appropriate, improve our current practices on the basis of our experience, regulatory changes and development. Any views and suggestions from our Shareholders are also welcome to enhance our transparency.

On behalf of the Board

**Hong Tianzhu**  
Chairman

Hong Kong, 16 March 2020

### 股東權利(續)

#### 於股東大會提呈建議的程序及詳細聯絡資料

1. 為於本公司股東大會上提呈建議，股東須以書面提交該建議(「建議」)，連同詳細聯絡資料，透過電郵傳送至本公司電郵地址 [main@texhong.com](mailto:main@texhong.com)。
2. 本公司會向本公司之香港股份過戶登記分處核實股東身份及其要求，於獲得股份過戶登記分處確認股東作出的要求為恰當及適當後，董事會將在股東大會的議程內加入建議。
3. 就上述股東提出於股東大會考慮之建議而向全體股東發出通告之通知期因應建議之性質有所不同，詳情如下：
  - (i) 倘建議須於本公司股東週年大會上以普通決議案方式獲得批准或以特別決議案方式獲得批准，則須不少於21日之書面通知；
  - (ii) 倘建議須於本公司大會而非於股東週年大會上獲得批准，或以本公司特別決議案方式獲得批准，則須不少於14日之書面通知。

### 提升企業管治水平

提升企業管治水平並非只為應用及遵守聯交所之企業管治守則，乃為推動及建立道德與健全之企業文化為依歸。吾等將不斷檢討並按經驗、監管變動及發展，於適當時候改善現行常規。本公司歡迎股東提供任何意見及建議以提高本公司之透明度。

代表董事會

**洪天祝**  
主席

香港，二零二零年三月十六日

# 董事及高級管理層

## DIRECTORS AND SENIOR MANAGEMENT

### DIRECTORS

#### Executive Directors

**Mr. Hong Tianzhu**, aged 52, is an executive Director and chairman of the Group. He is the founder of the Group. He is responsible for the strategic development and strategic deployment, project investment and decision-making for major issues, leadership and policy decision-making for establishment of corporate culture of the Group. He has over 20 years of experience in the textile industry. Prior to establishing the Group, Mr. Hong was a vice general manager of 晉江藝豐服裝織造有限公司 (Jinjiang Yifeng Garment Weaving Company Limited). Mr. Hong's interest in the shares of HK\$0.10 each in the share capital of the Company ("Shares") is disclosed under the paragraph headed "Report of the Directors — Directors' and chief executives' interests and short positions in the Shares, underlying shares and debentures of the Company or any associated corporations" in this annual report.

**Mr. Zhu Yongxiang**, aged 53, is an executive Director, vice Chairman and chief executive officer of the Group. He is responsible for the strategy implementation, operational planning and decision-making, decision-making for major issues and organizational implementation of the Group. Mr. Zhu graduated from the 南通紡織工學院 (Nantong Textile Industry College) in 1987. Prior to joining the Group in 1997, Mr. Zhu was an assistant to the general manager of 南通第二棉紡織廠 (Nantong No. 2 Cotton Textile Factory). Mr. Zhu's interest in the Shares of the Company is disclosed under the paragraph headed "Report of the Directors — Directors' and chief executives' interests and short positions in the Shares, underlying Shares and debentures of the Company or any associated corporations" in this annual report.

**Mr. Tang Daoping**, aged 54, is an executive Director and chief operation officer of the Group. He is responsible for the operation management of the Group. Mr. Tang graduated from 徐州廣播電視大學 (Xuzhou Radio and TV University) in 1996 majoring in accounting and administrative management. Mr. Tang has over 30 years of experience in the textile industry. He was a workshop manager of 睢寧棉紡織廠 (Suining Cotton Textile Factory) prior to joining the Group in 1998 as a vice general manager. Mr. Tang was promoted and became a director of Jiangsu Century Texhong in September 2002. Mr. Tang's interest in the Shares of the Company is disclosed under the paragraph headed "Report of the Directors — Directors' and chief executives' interests and short positions in the Shares, underlying Shares and debentures of the Company or any associated corporations" in this annual report.

### 董事

#### 執行董事

洪天祝先生，52歲，本集團的執行董事及主席。洪先生是本集團創始人，負責本集團的戰略發展和戰略布局、項目投資和重要工作決策、企業文化建設的引領和決策。彼於紡織業擁有逾二十年經驗，在成立本集團前，彼曾任晉江藝豐服裝織造有限公司的副總經理。洪先生於本公司股本中每股面值0.10港元之股份（「股份」）之權益在本年報「董事會報告—董事及行政總裁於本公司或任何相聯法團之股份、相關股份及債權證之權益及淡倉」一段披露。

朱永祥先生，53歲，本集團的執行董事、副主席兼行政總裁。彼負責本集團的戰略實施、營運策劃布局和決策、重要工作決策與組織實施。朱先生於一九八七年畢業於南通紡織工學院。於一九九七年加入本集團前，朱先生曾任南通第二棉紡織廠的總經理助理。朱先生於本公司的股份權益在本年報「董事會報告—董事及行政總裁於本公司或任何相聯法團之股份、相關股份及債權證之權益及淡倉」一段披露。

湯道平先生，54歲，本集團執行董事兼營運總裁。彼負責本集團的營運管理。彼於一九九六年畢業於徐州廣播電視大學，主修會計及行政管理，並於紡織業擁有逾三十年經驗。湯先生曾於睢寧棉紡織廠出任工廠經理，後於一九九八年加入本集團為副總經理。湯先生於二零零二年九月晉升為江蘇世紀天虹的董事。湯先生於本公司的股份權益在本年報「董事會報告—董事及行政總裁於本公司或任何相聯法團之股份、相關股份及債權證之權益及淡倉」一段披露。

## 董事及高級管理層 DIRECTORS AND SENIOR MANAGEMENT

### DIRECTORS (Continued)

#### Executive Directors (Continued)

**Mr. Hui Tsz Wai**, aged 46, is an executive Director and company secretary. He is responsible for the management of finance, information system and treasury management of the Group. Mr. Hui graduated from the Chinese University of Hong Kong with a bachelor of business administration (honours) degree. He is a fellow member of the Association of Chartered Certified Accountants and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants. He is also a Chartered Financial Analyst and a Certified Fraud Examiner. He has more than 20 years working experience in finance related area. Prior to first joining the Group in November 2004, Mr. Hui had been working at one of the big four international accounting firms for about nine years. Mr. Hui had been the chief financial officer of the Group. Mr. Hui's interest in the Shares of the Company is disclosed under the paragraph headed "Report of the Directors — Directors' and chief executives' interests and short positions in the Shares, underlying Shares and debentures of the Company or any associated corporations" in this annual report.

**Mr. Ji Zhongliang**, aged 56, is an executive Director. He is responsible for the operations management of the Group's garment fabric and garment business segment. Mr. Ji graduated from Jiangsu College of Engineering and Technology of the PRC (江蘇工程職業技術學院) (formerly known as Nantong Textile Industry School (南通紡織工業學校)) in July 1982. Prior to joining the Group in August 2015, he had been the vice president of Black Peony (Group) Co. Ltd. (黑牡丹(集團)股份有限公司) (stock code: 600510), the shares of which are listed on the Shanghai Stock Exchange from December 2011 to May 2015. He had been the general manager of Changzhou K&J Import and Export Co., Ltd. (常州凱杰進出口有限公司), which is principally engaged in import and export of cotton and fabrics in the PRC from October 1997 to May 2011, the general manager of Black Peony Group Import and Export Co., Ltd. (黑牡丹集團進出口有限公司), which is principally engaged in import and export of textile, garments and daily necessities in the PRC from May 2011 to December 2011, and the chairman of the board of directors of Black Peony (HK) Limited, which is principally engaged in manufacture of denim in the PRC from December 2011 to May 2015. Mr. Ji has more than 30 years' working experience in the textile industry. Mr. Ji is a director of Texhong Dyeing and Printing Technology Limited, a indirect non-wholly owned subsidiary of the Company.

### 董事(續)

#### 執行董事(續)

**許子慧先生**，46歲，執行董事及公司秘書。彼負責本集團財務、信息系統、資金的管理。許先生畢業於香港中文大學，獲頒工商管理(榮譽)學士學位。彼為英國特許公認會計師公會資深會員及香港會計師公會執業會計師。彼亦為特許財務分析員兼舞弊查核師。彼於財務相關領域擁有逾二十年工作經驗。許先生於二零零四年十一月首次加盟本集團前，一直於其中一家四大國際會計師行任職約九年。許先生曾任本集團財務總監。許先生於本公司的股份權益在本年報「董事會報告—董事及行政總裁於本公司或任何相聯法團之股份、相關股份及債權證之權益及淡倉」一段披露。

**吉忠良先生**，56歲，執行董事。彼負責本集團的面料及服裝事業部的營運管理。吉先生於一九八二年七月畢業於中國江蘇工程職業技術學院(前稱南通紡織工業學校)。於二零一五年八月加入本集團前，彼自二零一一年十二月至二零一五年五月擔任上海證券交易所上市公司黑牡丹(集團)股份有限公司(股份代號：600510)之副總裁。彼亦自一九九七年十月至二零一一年五月擔任常州凱杰進出口有限公司(該公司主要在中國從事棉及布料進出口業務)之總經理；自二零一一年五月至二零一一年十二月擔任黑牡丹集團進出口有限公司(該公司主要在中國從事紡織品、成衣及日用品進出口業務)之總經理；及自二零一一年十二月至二零一五年五月擔任黑牡丹(香港)有限公司(該公司主要在中國生產牛仔布)之董事會主席。吉先生在紡織業累積逾30年工作經驗。吉先生為本公司間接非全資附屬公司天虹染整科技有限公司之董事。

## 董事及高級管理層 DIRECTORS AND SENIOR MANAGEMENT

### DIRECTORS (Continued)

#### Independent Non-executive Directors

**Professor Tao Xiaoming**, aged 62, was appointed as an independent non-executive Director on 3 March 2014. Professor Tao is an elected fellow of The Textile Institute, the American Society of Mechanical Engineers, the Royal Academy of Arts and Design and Commerce of the United Kingdom, and has been the chair professor in Textile Technology at the Institute of Textiles and Clothing of the Hong Kong Polytechnic University since April 2002. She was elected as the world president of The Textile Institute for a tenure of three years from May 2007. Professor Tao received a bachelor's degree in textile engineering from China Textile University (中國紡織大學) (currently known as Donghua University (東華大學)) of the PRC in January 1982 and a doctorate degree in textile physics from University of New South Wales in August 1987. From September 1987 to September 1988 and from October 1990 to September 1994, she had been a scientist of the Commonwealth Scientific and Industrial Research Organisation of Australia. From October 1988 to January 1990, she had been a lecturer of Donghua University. Professor Tao was the recipient of two prestigious individual awards of the field: the honorary fellowship by The Textile Institute in November 2010 and the founder award of the Fiber Society of the United States in November 2013. With seven academic monographs, over 800 research papers published and over 30 patents granted, she has been internationally recognised in particular for her pioneering work on smart textiles and clothing and textile engineering such as low-twist yarns, solospun yarns and fabric sensing technology which have been widely applied in the textile industry.

**Professor Cheng Longdi**, aged 60, was appointed as an independent non-executive Director on 21 November 2004. Professor Cheng obtained his doctorate degree in textile engineering from Donghua University in 2002. He is currently a professor (2nd grade) in College of Textiles and a deputy director of the Key Laboratory of Textile Science and Technology of Donghua University. Professor Cheng is a member of the expert committee of each of the following institutions: the China Cotton Textile Association of New Technology (as a deputy director), the China Knitting Industrial Association, the China Bast And Leaf Fibers Textile Association and the China Textile Machinery Association. Professor Cheng was an engineer of the China Textile Academy (formerly known as Textile Academy of Textile Ministry). Professor Cheng is currently an independent director of Jiangsu Lianfa Textile Co., Ltd. (stock code: 002394) which is a company listed on the Shenzhen Stock Exchange, and Hengli Petrochemical Co., Ltd. (stock code: 600346) as well as Zhejiang Taihua New Material Co., Ltd (stock code: 603055) which are companies listed on the Shanghai Stock Exchange.

### 董事(續)

#### 獨立非執行董事

**陶肖明教授**，62歲，於二零一四年三月三日獲委任為獨立非執行董事。陶教授為國際紡織學會院士、美國機械工程師學會院士以及英國皇家藝術、設計及商業研究院(Royal Academy of Arts and Design and Commerce of the United Kingdom)院士，並由二零零二年四月起，擔任香港理工大學紡織及製衣學系紡織技術講座教授。自二零零七年五月起，陶教授獲選為國際紡織學會世界會長，任期三年。陶教授於一九八二年一月獲中國紡織大學(現稱為東華大學)頒授紡織工程學士學位，並於一九八七年八月獲頒新南威爾士大學紡織物理學博士學位。由一九八七年九月至一九八八年九月，以及由一九九零年十月至一九九四年九月，彼為澳洲聯邦科學及工業研究組織之科研人員。由一九八八年十月至一九九零年一月期間，陶教授為東華大學講師。陶教授曾獲頒業內兩個地位崇高的個人獎項，分別於二零一零年十一月獲國際紡織學會頒授榮譽院士，以及於二零一三年十一月獲美國纖維學會頒授創始人獎項。陶教授曾出版七部學術專著，發表超過800篇研究論文，並獲得超過30項專利，成就廣受國際認同，尤其以其於智能紡織品及服裝與纖維工程方面的創舉(例如低捻紗、分束紡紗及織物傳感技術)最為突出，而該等技術已廣泛應用於紡織業內。

**程隆棣教授**，60歲，於二零零四年十一月二十一日獲委任為獨立非執行董事。程教授於二零零二年取得東華大學的紡織工程博士學位，現為東華大學紡織學院二級教授、紡織面料技術教育部重點實驗室常務副主任。程教授為中國棉紡織行業協會新技術專家委員會副主任委員、中國針織行業協會專家委員會委員、中國麻紡織行業協會專家委員會委員、中國紡織機械與器材行業協會專家委員會委員等。程教授曾為中國紡織科學研究院(前稱紡織工業部紡織科學研究院)的工程師。程教授現為深圳證券交易所上市公司江蘇聯發紡織股份有限公司(股份代號：002394)、上海證券交易所上市公司恒力化工股份有限公司(股份代號：600346)及浙江台華新材料股份有限公司(股份代號：603055)之獨立董事。



## 董事及高級管理層 DIRECTORS AND SENIOR MANAGEMENT

### DIRECTORS (Continued)

#### Independent Non-executive Directors (Continued)

**Mr. Ting Leung Huel, Stephen**, MH, FCCA, FCPA (PRACTISING), ACA, CTA (HK), FHKIoD, aged 66, was appointed as independent non-executive Director of the Company on 21 November 2004. Mr. Ting is an accountant in public practice and has more than 30 years' experience in this field. Currently he is a partner and director of Messrs Ting Ho Kwan & Chan, Certified Public Accountants (Practising) and Ting Ho Kwan & Chan CPA Limited respectively. He is currently an independent non-executive director of six other listed companies in Hong Kong, namely China SCE Group Holdings Limited (stock code: 01966), Computer and Technologies Holdings Limited (stock code: 00046), Dongyue Group Limited (stock code: 00189), New Silkroad Culturaltainment Limited (stock code: 00472), Tong Ren Tang Technologies Company Limited (stock code: 01666) and Tongda Group Holdings Limited (stock code: 00698) respectively. He is also a non-executive director of Chow Sang Sang Holdings International Limited (stock code: 00116).

### SENIOR MANAGEMENT

**Mr. Sha Tao**, aged 54, is a vice president of the Group and director of our grey fabric production and management center. Mr. Sha obtained his bachelor's degree in textile from 無錫輕工業學院 (Wuxi Light Industry University) in 1986. Mr. Sha has over 27 years of experience in the textile industry. Prior to joining the Group in 1998, he was a factory manager of one of the factories of 南通第二棉紡織廠 (Nantong No. 2 Cotton Textile Factory).

**Mr. Hu Zhiping**, aged 56, is a vice president of the Group and general manager of Taizhou business segment. Mr. Hu graduated from 無錫職業大學 (Wuxi Professional University) in textile in 1984. Mr. Hu has over 27 years of experience in the textile industry. He was a vice general manager of 無錫協達織造有限公司 (Wuxi Xieda Weaving Company Limited) prior to joining the Group in 1998.

**Mr. Cao Youchang**, aged 51, is a vice president of the Group and director of the yarn production and management center of the Group. He is responsible for the yarn production of the Group. Mr. Cao graduated from 南通紡織工學院 (Nantong Textile Industry College) with a bachelor's degree in textile engineering in 1994. Mr. Cao has over 22 years of experience in the textile industry. He joined the Group in 2000, and served as the director of yarn technology of the Group.

### 董事(續)

#### 獨立非執行董事(續)

**丁良輝先生**，MH, FCCA, FCPA (PRACTISING), ACA, CTA (HK), FHKIoD, 66歲，於二零零四年十一月二十一日獲委任為本公司之獨立非執行董事。丁先生為執業會計師，於該行業積逾三十年經驗。彼現為丁何關陳會計師行及丁何關陳會計師事務所有限公司之合夥人及董事。現為其他六家香港上市公司之獨立非執行董事，分別為中駿集團控股有限公司(股份代號：01966)、科聯系統集團有限公司(股份代號：00046)、東岳集團有限公司(股份代號：00189)、新絲路文旅有限公司(股份代號：00472)、北京同仁堂科技發展股份有限公司(股份代號：01666)及通達集團控股有限公司(股份代號：00698)。彼亦擔任周生生集團國際有限公司(股份代號：00116)之非執行董事。

### 高級管理層

**沙淘先生**，54歲，本集團的副總裁兼坯布生產管理中心總監。沙先生於一九八六年畢業自無錫輕工業學院紡工系，並取得學士學位。沙先生於紡織業擁有逾二十七年經驗。彼於一九九八年加入本集團前，曾出任南通第二棉紡織廠其中一家廠房的廠長。

**胡志平先生**，56歲，本集團副總裁兼泰州業務部總經理。胡先生於一九八四年畢業自無錫職業大學紡織系。彼於紡織業擁有逾二十七年經驗。於一九九八年加入本集團前，胡先生曾出任無錫協達織造有限公司的副總經理。

**曹友常先生**，51歲，本集團的副總裁兼集團紗線生產管理中心總監並負責本集團的紗線生產。曹先生於一九九四年畢業自南通紡織工學院紡織工程系，並取得學士學位。曹先生於紡織業擁有逾22年經驗。彼於二零零零年加入本集團，曾出任本集團紗線技術總監。

# 公司資料

## CORPORATE INFORMATION

### EXECUTIVE DIRECTORS

Mr. Hong Tianzhu (*Chairman*)  
Mr. Zhu Yongxiang (*Vice chairman and chief executive officer*)  
Mr. Tang Daoping  
Mr. Hui Tsz Wai  
Mr. Ji Zhongliang

### INDEPENDENT NON-EXECUTIVE DIRECTORS AND AUDIT COMMITTEE

Mr. Ting Leung Huel, Stephen MH, FCCA, FCPA (PRACTISING), ACA, FTIHK, FHKIoD (*Chairman*)  
Professor Tao Xiaoming  
Professor Cheng Longdi

### REMUNERATION COMMITTEE

Mr. Ting Leung Huel, Stephen MH, FCCA, FCPA (PRACTISING), ACA, FTIHK, FHKIoD (*Chairman*)  
Mr. Hong Tianzhu  
Professor Tao Xiaoming  
Professor Cheng Longdi

### NOMINATION COMMITTEE

Mr. Hong Tianzhu (*Chairman*)  
Mr. Ting Leung Huel, Stephen MH, FCCA, FCPA (PRACTISING), ACA, FTIHK, FHKIoD  
Professor Tao Xiaoming  
Professor Cheng Longdi

### COMPANY SECRETARY

Mr. Hui Tsz Wai

### AUTHORISED REPRESENTATIVES

Mr. Hong Tianzhu  
Mr. Hui Tsz Wai

### HEAD OFFICE

Room 03, 37/F,  
Cable TV Tower  
9 Hoi Shing Road  
Tsuen Wan  
Hong Kong

### REGISTERED OFFICE

Cricket Square  
Hutchins Drive, PO Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

### 執行董事

洪天祝先生(主席)  
朱永祥先生(副主席兼行政總裁)

湯道平先生  
許子慧先生  
吉忠良先生

### 獨立非執行董事及審核委員會

丁良輝先生 MH, FCCA, FCPA (PRACTISING), ACA, FTIHK, FHKIoD (主席)  
陶肖明教授  
程隆棣教授

### 薪酬委員會

丁良輝先生 MH, FCCA, FCPA (PRACTISING), ACA, FTIHK, FHKIoD (主席)  
洪天祝先生  
陶肖明教授  
程隆棣教授

### 提名委員會

洪天祝先生(主席)  
丁良輝先生 MH, FCCA, FCPA (PRACTISING), ACA, FTIHK, FHKIoD  
陶肖明教授  
程隆棣教授

### 公司秘書

許子慧先生

### 授權代表

洪天祝先生  
許子慧先生

### 總辦事處

香港  
荃灣  
海盛路9號  
有線電視大樓  
37樓3室

### 註冊辦事處

Cricket Square  
Hutchins Drive, PO Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

## 公司資料 CORPORATE INFORMATION

### PRINCIPAL BANKERS

Bank of China (Hong Kong)  
The Hongkong and Shanghai Banking Corporation Limited  
Standard Chartered Bank  
Sumitomo Mitsui Banking Corporation  
Crédit Agricole Corporate & Investment Bank  
Agricultural Development Bank Of China  
Citibank (China) Co., Ltd. Shanghai Branch  
Australia and New Zealand Banking Group Limited  
Hang Seng Bank Limited  
China Merchants Bank  
Bank of China  
BNP Paribas

### AUDITOR

PricewaterhouseCoopers  
Certified Public Accountants and Registered PIE Auditor

### LEGAL ADVISORS AS TO HONG KONG LAW

Chiu & Partners

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

SMP Partners (Cayman) Limited  
Royal Bank House, 3rd Floor  
24 Shedden Road, P.O. Box 1586  
George Town, Grand Cayman  
KY1-1110  
Cayman Islands

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited  
2103B  
21st Floor  
148 Electric Road  
North Point  
Hong Kong

### WEBSITE

[www.texhong.com](http://www.texhong.com)

### STOCK CODE

2678

### 主要往來銀行

中國銀行(香港)  
滙豐銀行  
渣打銀行  
三井住友銀行  
東方滙理銀行  
中國農業發展銀行  
花旗銀行(中國)有限公司上海分行  
澳新銀行  
恒生銀行有限公司  
招商銀行  
中國銀行  
法國巴黎銀行

### 核數師

羅兵咸永道會計師事務所  
執業會計師及認可公眾利益實體核數師

### 法律顧問(香港法律)

趙不渝馬國強律師事務所

### 主要股份過戶登記處

SMP Partners (Cayman) Limited  
Royal Bank House, 3rd Floor  
24 Shedden Road, P.O. Box 1586  
George Town, Grand Cayman  
KY1-1110  
Cayman Islands

### 香港股份過戶登記分處

寶德隆證券登記有限公司  
香港  
北角  
電氣道148號  
21樓  
2103B

### 互聯網址

[www.texhong.com](http://www.texhong.com)

### 股份代號

2678

# 董事會報告

## REPORT OF THE DIRECTORS

The Board of Directors of the Company is pleased to submit their report together with the audited financial statements of the Company for the year ended 31 December 2019.

### PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The Company is an investment holding company. The Group is principally engaged in the manufacture and sale of yarns, grey fabrics and garment fabrics as well as garments. The principal activities of the principal subsidiaries of the Company are set out in note 41 to the accompanying financial statements.

#### Business segments

The Group is engaged in the manufacturing and sale of yarns, grey fabrics and garment fabrics as well as garments. Business analysis of sales, segment results, total assets and capital expenditure are set out in note 5 to the accompanying financial statements.

#### Geographical segments

The Group operates in six main geographical areas, the PRC, Vietnam, Cambodia, Turkey, Nicaragua and North America. Geographical analysis of sales, segment results, total assets, and capital expenditure are set out in note 5 to the accompanying financial statements.

### BUSINESS REVIEW

For details of business review in relation to the development, performance or position of the Company's business, please refer to the section headed "Management Discussion and Analysis" of this annual report.

The Group recognises the importance of compliance with rules and regulations and the impact of non-compliance of such rules and regulations on the business. During the year ended 31 December 2019, to the best knowledge of the Directors, the Group has complied with all the relevant laws and regulations that have a significant impact on the Group in relation to its business including health and safety, workplace conditions, employment and the environment.

As a responsible corporation, the Group is committed to maintaining the highest environmental and social standards to ensure sustainable development of its business. The Group understands that a better future depends on everyone's participation and contribution in environmental protection. All employees are encouraged to participate in environmental and social activities which benefit the community as a whole.

本公司董事會同寅欣然將其截至二零一九年十二月三十一日止年度之報告連同經已審核之本公司財務報表呈覽。

### 主要業務及營運地區分析

本公司為一間投資控股公司。本集團主要從事生產及銷售紗線、坯布及面料和服裝。本公司重大附屬公司之主要業務活動載於隨附之財務報表附註41。

#### 業務分類

本集團主要製造及銷售紗線、坯布及面料和服裝。營業額、分類業績、資產總額及資本開支業務分析載於隨附之財務報表附註5。

#### 地區分類

本集團主要於中國、越南、柬埔寨、土耳其、尼加拉瓜及北美洲這六個地區經營業務。營業額、分類業績、資產總額及資本開支之地區分析載於隨附之財務報表附註5。

#### 業務回顧

關於本公司業務發展、表現或狀況之業務回顧詳情，請參閱本年報「管理層討論及分析」一節。

本集團知悉遵守規則及法規之重要性及不遵守該等規則及法規對業務之影響。於截至二零一九年十二月三十一日止年度，據董事所知本集團已遵守所有與其業務有關有重大影響的相關法例及法規，包括健康及安全、工作環境條件、就業及環境。

作為一間具社會責任的企業，本集團致力維持最高要求之環境及社會標準，以確保其業務可持續發展。本集團明白有賴所有人的參與及貢獻才能成就美好將來，亦因此鼓勵所有僱員參與環境及社會活動，惠及整個社區。

# 董事會報告

## REPORT OF THE DIRECTORS

### BUSINESS REVIEW (Continued)

The Group advocates cleaner production and pursues both environmental and economic benefits through means such as reducing pollutant emissions, improving energy efficiency and reducing material consumption. The Group also advocated conservation of resources in office and encouraged employees to develop good habits, conserve resources and energy to build a green and comfortable office environment.

Details of the Environmental, Social and Governance Report of the Group are set out on pages 79 to 121 of this annual report.

### RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2019 are set out in the consolidated income statement on page 132 of this annual report.

The board recommended the payment of a final dividend of HK\$0.15 per share in respect of the financial year ended 31 December 2019.

### RESERVES

Details of movements in the reserves of the Group during the year ended 31 December 2019 are set out in note 18 to the accompanying financial statements.

### PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year ended 31 December 2019 are set out in note 7 to the accompanying financial statements.

### SHARE CAPITAL

Details of the movements in share capital of the Company are set out in note 16 to the accompanying financial statements.

### DISTRIBUTABLE RESERVES

The Company's distributable reserves as at 31 December 2019 is set out in note 39 to the accompanying financial statements.

### PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's articles of association and the laws of the Cayman Islands, which would oblige the Company to offer new Shares on a pro-rata basis to its existing shareholders.

### 業務回顧(續)

本集團主張清潔生產，通過減少污染物排放、提高能源利用率、減少物料消耗等手段，追求環境與經濟雙收益。本集團亦引導各項辦公室減耗措施，鼓勵員工養成良好習慣，節約資源和能源，建設綠色舒適的辦公環境。

本集團「環境、社會及管治報告」詳情載於本年報第79至121頁。

### 業績及分派

本集團於截至二零一九年十二月三十一日止年度之業績載列於本年報第132頁之綜合收益表。

董事會建議派發截至二零一九年十二月三十一日止財政年度之末期股息每股0.15港元。

### 儲備

本集團截至二零一九年十二月三十一日止年度之儲備變動詳情載於隨附之財務報表附註18。

### 物業、廠房及設備

本集團截至二零一九年十二月三十一日止年度之物業、廠房及設備變動詳情載於隨附之財務報表附註7。

### 股本

本公司之股本變動詳情載於隨附之財務報表附註16。

### 可供分派儲備

本公司於二零一九年十二月三十一日之可供分派儲備詳情載於隨附之財務報表附註39。

### 優先購買權

本公司組織章程細則中並無優先購股權之條文，而開曼群島之法例亦無規定本公司須按比例向現有股東發售新股的限制。



# 董事會報告

## REPORT OF THE DIRECTORS

### TAX RELIEF

The Company is not aware of any tax relief or exemption available to the shareholders of the Company by reason of their holding of the Company's securities.

### FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 2 of this annual report.

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Save as disclosed below, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2019.

### SHARE OPTIONS

The Share Option Scheme was adopted by the shareholders of the Company at the annual general meeting on 7 April 2014 (the "Adoption Date").

The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contributions to the Group. All directors, employees, suppliers of goods or services, customers, persons or entities that provide research, development or other technological support to the Group, shareholders of any member of the Group, advisers or consultants of the Group and any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement and growth of the Group are eligible to participate in the Share Option Scheme.

The Share Option Scheme will remain in force for a period of 10 years commencing on the Adoption Date.

The total number of Shares which may be allotted and issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme adopted by the Group must not in aggregate exceed 88,468,117 Shares, representing 10% of the Shares in issue on the Adoption Date and 9.67% of the Shares in issue as at the date of this annual report respectively (the "General Scheme Limit"). The Company may renew the General Scheme Limit with shareholders' approval provided that each such renewal may not exceed 10% of the Shares in the Company in issue as at the date of the shareholders' approval.

The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme adopted by the Group must not in aggregate exceed 30% of the Shares in issue from time to time.

### 稅務減免

本公司並不知悉任何因持有本公司證券而提供予本公司股東之稅務寬減或減免。

### 財務概要

本集團過去五個財政年度之業績及資產負債摘要載於本年報第2頁。

### 購買、出售或購回上市證券

除下文所披露者外，於截至二零一九年十二月三十一日止年度內，本公司或其附屬公司概無購買、出售或購回本公司上市證券。

### 購股權

購股權計劃於二零一四年四月七日（「採納日期」）舉行之股東週年大會獲本公司採納。

購股權計劃之目的乃讓本集團向指定參與者授予購股權，作為向此等人士對本集團作出之貢獻予以嘉獎或酬謝。所有董事、僱員、貨物或服務供應商、客戶、向本集團提供研究、發展或其他技術支援之人士或實體、本集團任何成員公司之股東、本集團之顧問或專業顧問及任何其他對本集團之發展曾作出貢獻或可透過合營企業、業務聯盟或其他業務安排作出貢獻之團體或類別之參與者均合資格參與購股權計劃。

購股權計劃自採納日期起十年內有效。

於購股權計劃及獲本集團採納之任何其他購股權計劃項下授出之全部購股權倘獲行使而可予配發及發行之股份總數不得超過88,468,117股股份，即採納日期已發行股份之10%及於本年報日期已發行股份9.67%（「一般計劃上限」）。本公司可於獲得股東批准下重訂該一般計劃上限，惟該重訂不得超過於獲股東通過之日本公司已發行股份之10%。

於購股權計劃及獲本集團採納之任何其他購股權計劃項下發行在外而尚未行使之全部購股權倘獲行使而可予發行之股份數目不得超過不時之已發行股份之30%。

# 董事會報告

## REPORT OF THE DIRECTORS

### SHARE OPTIONS (Continued)

Unless approved by shareholders of the Company, the total number of Shares issued and to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each participant in any 12-months period shall not exceed 1% of the issued share capital of the Company for the time being (the "Individual Limit").

An option may be accepted by a participant within 21 days from the date of the offer of grant of the option. A nominal consideration of HK\$1 is payable on acceptance of the grant of an option.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on a day after the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option, subject to the provisions for early termination thereof. Unless otherwise determined by the Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

The subscription price for the Shares under the Share Option Scheme will be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the Shares.

### 購股權(續)

除獲得本公司股東批准外，於購股權計劃及本集團之任何其他購股權計劃項下於任何十二個月內向各參與者授出之購股權(包括已行使或尚未行使者)倘獲行使而發行或可予發行之股份總數不得超過當時本公司已發行股份之1%「個人上限」。

參與者可於授出購股權要約日期起二十一日內接納購股權。於接納授出之購股權時，須繳付1港元之象徵代價。

購股權可按照購股權計劃之條款於董事會釐定及通知各承授人之期限(期限由授出購股權要約當日後一日開始，惟無論如何不得遲於購股權授出日期起計十年結束，並受購股權有關提早終止之條文限制)內隨時行使。除董事另有釐定並於向承授人發出之要約函件註明外，購股權計劃並無規定其行使前必須持有之最短時限。

根據購股權計劃，股份之認購價將由董事釐定，惟不得少於(以較高者為準)(i)授出購股權要約日期(須為營業日)在聯交所每日報價表上所示股份之收市價；(ii)緊接授出購股權要約日期前之五個交易日在聯交所每日報價表上所示股份之平均收市價；及(iii)股份之面值。

# 董事會報告

## REPORT OF THE DIRECTORS

### SHARE OPTIONS (Continued)

Movements of the share options granted under the Share Option Scheme during the year ended 31 December 2019 are summarised as follows and details of which are set out in note 17 to the consolidated financial statements:

### 購股權(續)

於截至二零一九年十二月三十一日止年度，根據購股權計劃授出之購股權之變動之概要如下，詳情載於綜合財務報表附註17：

List of grantees	Date of grant (Note)	Exercise period	Number of share options 購股權數目							Outstanding as at 31 December 2019 於二零一九年十二月三十一日未行使
			Closing price per Share immediately before the date of grant 緊接授出日期前之每股收市價 HK\$ 港元	Exercise price per share 每股行使價 HK\$ 港元	Outstanding as at 1 January 2019 於二零一九年一月一日未行使	Granted during the year 於年內授出	Exercised during the year 於年內行使	Lapsed during the year 於年內失效	Cancelled during the year 於年內註銷	
<b>Directors</b> 董事										
Mr. Tang Daoping 湯道平先生	23 March 2015 二零一五年三月二十三日	1 January 2016 to 22 March 2025 二零一六年一月一日至 二零二五年三月二十二日	8.27	8.70	670,000	-	-	-	-	670,000
	23 March 2015 二零一五年三月二十三日	1 January 2017 to 22 March 2025 二零一七年一月一日至 二零二五年三月二十二日	8.27	8.70	670,000	-	-	-	-	670,000
	23 March 2015 二零一五年三月二十三日	1 January 2018 to 22 March 2025 二零一八年一月一日至 二零二五年三月二十二日	8.27	8.70	660,000	-	-	-	-	660,000
					2,000,000	-	-	-	-	2,000,000
Mr. Hui Tsz Wai 許子慧先生	23 March 2015 二零一五年三月二十三日	1 January 2016 to 22 March 2025 二零一六年一月一日至 二零二五年三月二十二日	8.27	8.70	1,000,000	-	-	-	-	1,000,000
	23 March 2015 二零一五年三月二十三日	1 January 2017 to 22 March 2025 二零一七年一月一日至 二零二五年三月二十二日	8.27	8.70	1,000,000	-	-	-	-	1,000,000
	23 March 2015 二零一五年三月二十三日	1 January 2018 to 22 March 2025 二零一八年一月一日至 二零二五年三月二十二日	8.27	8.70	1,000,000	-	-	-	-	1,000,000
	28 December 2015 二零一五年十二月二十八日	1 January 2017 to 27 December 2025 二零一七年一月一日至 二零二五年十二月二十七日	5.84	5.70	300,000	-	-	-	-	300,000
	28 December 2015 二零一五年十二月二十八日	1 January 2018 to 27 December 2025 二零一八年一月一日至 二零二五年十二月二十七日	5.84	5.70	300,000	-	-	-	-	300,000
	28 December 2015 二零一五年十二月二十八日	1 January 2019 to 27 December 2025 二零一九年一月一日至 二零二五年十二月二十七日	5.84	5.70	300,000	-	-	-	-	300,000
	28 December 2015 二零一五年十二月二十八日	1 January 2020 to 27 December 2025 二零二零年一月一日至 二零二五年十二月二十七日	5.84	5.70	300,000	-	-	-	-	300,000
	28 December 2015 二零一五年十二月二十八日	1 January 2021 to 27 December 2025 二零二一年一月一日至 二零二五年十二月二十七日	5.84	5.70	300,000	-	-	-	-	300,000
					4,500,000	-	-	-	-	4,500,000
Total 總計					6,500,000	-	-	-	-	6,500,000

Note: The vesting period of the share options is from the date of grant until the commencement of the exercise period.

附註：購股權之歸屬期由授出日期起直至行使期間始為止。

# 董事會報告

## REPORT OF THE DIRECTORS

### DIRECTORS

The Directors during the year ended 31 December 2019 and up to the date of this report were:

Mr. Hong Tianzhu  
Mr. Zhu Yongxiang  
Mr. Tang Daoping  
Mr. Hui Tsz Wai  
Mr. Ji Zhongliang  
Mr. Ting Leung Huel, Stephen\*  
Professor Cheng Longdi\*  
Professor Tao Xiaoming\*

\* Independent non-executive Directors

In accordance with articles 108(A) and 108(B) of the articles of association of the Company, Mr. Hong Tianzhu, Mr. Zhu Yongxiang and Mr. Ting Leung Huel, Stephen will retire from office by rotation and they, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

### DIRECTORS' SERVICE CONTRACTS

Each of Mr. Hong Tianzhu, Mr. Zhu Yongxiang and Mr. Tang Daoping, all being executive Directors, has entered into a service contract with the Company for an initial term of one year commencing from 21 November 2015, and will continue thereafter for successive terms of one year until terminated by not less than three months' notice in writing served by either party on the other expiring at the end of the initial term or at any time thereafter. Mr. Hui Tsz Wai and Mr. Ji Zhongliang, both being executive Directors, has entered into a service contract with the Company for an initial term of three years commencing from their respective dates of appointment as an executive Director, and will continue thereafter for successive term of one year until terminated by not less than three month's notice in writing served by either party on the other expiring at the end of the initial term or at any time thereafter.

Each of Mr. Ting Leung Huel, Stephen, Professor Tao Xiaoming and Professor Cheng Longdi, all being independent non-executive directors, has been appointed for an initial term of one year commencing from their respective dates of appointment as an INED renewable automatically for a successive term of one year each commencing from the next day after the expiry of the then current term, unless terminated by not less than three months' notice in writing at the end of the initial term or at any time thereafter.

None of the Directors has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

### 董事

截至二零一九年十二月三十一日止年度及直至本報告日期，在任之董事如下：

洪天祝先生  
朱永祥先生  
湯道平先生  
許子慧先生  
吉忠良先生  
丁良輝先生\*  
程隆棣教授\*  
陶肖明教授\*

\* 獨立非執行董事

根據本公司組織章程細則第108(A)及108(B)條，洪天祝先生、朱永祥先生及丁良輝先生將輪值告退，彼等符合資格並願意於即將舉行的股東週年大會上膺選連任。

### 董事服務合約

執行董事洪天祝先生、朱永祥先生及湯道平先生已各自與本公司訂立服務合約，由二零一五年十一月二十一日起計，初步為期一年，將其後將繼續期一年，直至於初始期間末時或其後任何時間，其中一方方向另一方發出不少於三個月之書面通知終止為止。許子慧先生及吉忠良先生(均為執行董事)已各自與本公司訂立服務合約，自彼等各自獲委任為執行董事之日期起計，初步為期三年，其後按年續約，直至任何一方於初步年期屆滿前或其後任何時間向另一方發出不少於三個月之書面通知終止合約。

丁良輝先生、陶肖明教授及程隆棣教授均為獨立非執行董事，分別獲委以一年初步任期，由獲委任為獨立非執行董事之日期起計，可於現有委任任期屆滿後翌日自動續約一年，直至任何一方於初步年期屆滿前或其後任何時間向另一方發出不少於三個月之書面通知終止合約。

概無董事與本公司或其任何附屬公司訂立服務合同，而有關服務合同在未有支付法定賠償以外之賠償則不得由本集團於一年內予以終止。

# 董事會報告

## REPORT OF THE DIRECTORS

### PERMITTED INDEMNITY PROVISION

The service contracts entered into by the Company with each of the Directors, which are currently in force and were in force during the year ended 31 December 2019, contain indemnity provisions which are permitted indemnity provisions under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) subject to the limitations specified in sections 468 and 469 thereof, for the benefit of the executive Directors. Pursuant to such provisions, the Company shall indemnify and hold harmless any Directors on demand from and against any and all losses, claims, damages, liabilities, and expenses, including without limitation, any proceedings brought against such Directors, arising from the performance of his duties pursuant to or his appointment under the service contracts, so far as permitted by law, except in any case where the matter in respect of which indemnification is sought was caused by the default, neglect, omission or fraud of the executive Directors. The Company has also taken out and maintained appropriate insurance cover to indemnify the Directors for liabilities that may arise out of corporate activities. The insurance coverage is reviewed on an annual basis. During the year ended 31 December 2019, no claims were made against the Directors.

### INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of its independent non-executive Directors confirmation of his independence and the Company considers that each of them to be independent based on the guidelines set out in Rule 3.13 of the Listing Rules.

### EMOLUMENTS OF DIRECTORS, FIVE HIGHEST PAID DIRECTORS/EMPLOYEES AND SENIOR MANAGEMENT

Details of the emoluments of the Directors on a named basis during the year under review are set out in note 40 to the accompanying financial statements.

Details of the five highest paid individuals during the year ended 31 December 2019 are set out in note 28 to the accompanying financial statements.

During the year ended 31 December 2019, the remuneration of the senior management by band is set out as follows:

### 獲准許的彌償條文

本公司與各董事訂立之服務合約(目前生效及於截至二零一九年十二月三十一日止年度生效)載有的彌償條文，屬香港法例第622章公司條例的獲准許彌償條文，惟受當中第468及469條列明的若干限制所限，並以董事為受益人。根據該等條文，本公司應就任何董事在法律允許情況下，根據服務合約下的委任履行職務所產生的任何及所有損失、申索、損害、責任及開支，包括但不限於向該董事提出的任何訴訟，向該董事作出彌償及應要求使該董事免受其損害，惟倘因執行董事違約、疏忽、遺漏或欺詐而索取彌償的任何情況，則作別論。本公司亦已投購及維持適當保險，保障董事不承擔公司活動可能產生的責任。保險保障獲每年檢討。於截至二零一九年十二月三十一日止年度，概無對董事作出申索。

### 獨立非執行董事之獨立性

本公司已獲得各獨立非執行董事確認其獨立性，而根據上市規則第3.13條所載指引，本公司認為其各人均為獨立。

### 董事、五位最高薪之董事／僱員及高級管理層之酬金

有關回顧年度內根據指名基準之董事酬金詳情載於隨附之財務報表附註40。

截至二零一九年十二月三十一日止年度內之五位最高薪人士之詳情載於隨附之財務報表附註28。

以下為截至二零一九年十二月三十一日止年度高級管理層之薪酬範圍分析：

Remuneration bands 薪酬範圍		Number of senior management 高級管理層人數
Below RMB1,000,000	人民幣 1,000,000 元以下	1
RMB1,000,001 to RMB2,000,000	人民幣 1,000,001 元至人民幣 2,000,000 元	2
RMB2,000,001 to RMB3,000,000	人民幣 2,000,001 元至人民幣 3,000,000 元	0
RMB3,000,001 to RMB4,000,000	人民幣 3,000,001 元至人民幣 4,000,000 元	0
RMB4,000,001 to RMB5,000,000	人民幣 4,000,001 元至人民幣 5,000,000 元	0



# 董事會報告

## REPORT OF THE DIRECTORS

### REMUNERATION POLICY

Remuneration policy of the Group is reviewed regularly, making reference to the legal framework, market condition and performance of the Group and individual staff including the Directors). The remuneration policy and remuneration packages of the executive Directors and the senior management of the Group are reviewed by the Remuneration Committee, which are contained in the paragraph headed "Remuneration Committee" under the section headed "Corporate Governance Report" of this annual report.

### RETIREMENT BENEFIT SCHEMES

Particulars of the Group's retirement benefit schemes are set out in note 28 to the accompanying financial statements.

### BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of the Directors and senior management as at the date of this annual report are set out on pages 52 to 55 of this annual report.

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 December 2019, the interests and short positions of each Director and chief executive of the Company in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the "SFO")), as recorded in the register maintained by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules, were as follows:

### 薪酬政策

本集團參考法定架構、市場狀況及本集團及個別員工(包括董事)之表現，定期檢討其薪酬政策。薪酬委員會負責檢討本集團執行董事及高級管理層之薪酬政策及薪酬組合，詳情載於本年度報告「企業管治報告」一節「薪酬委員會」一段內。

### 退休福利計劃

本集團退休福利計劃之詳情載於隨附之財務報表附註28。

### 董事及高級管理人員之個人簡歷

董事及高級管理人員於本年報日期之個人簡歷載於本年報第52至55頁。

### 董事及行政總裁於本公司或任何相聯法團之股份、相關股份及債權證之權益及淡倉

於二零一九年十二月三十一日，本公司各董事及行政總裁於本公司及其相聯法團(定義見香港法例第571章證券及期貨條例(「證券及期貨條例」)第XV部)之股份、相關股份及債權證中擁有根據證券及期貨條例第352條，紀錄於本公司須予存置之登記冊內之權益及淡倉，或根據上市規則所載的標準守則規定須以其他方式通知本公司及聯交所之權益及淡倉如下：

Name of directors of the Company 本公司董事姓名	Name of Group member/ associated corporation 本集團成員公司/ 相聯法團名稱	Nature of interest 權益性質	Number of ordinary shares (Note 1) 普通股數目 (附註1)	Percentage 百分比
Mr. Hong Tianzhu 洪天祝先生	the Company 本公司	Interest of controlled corporation(s) 所控制法人權益	544,742,400 (L) (Note 2) (附註2)	59.53%
	the Company 本公司	Beneficial owner 實益擁有人	5,400,000 (L)	0.59%
Mr. Zhu Yongxiang 朱永祥先生	the Company 本公司	Interest of spouse 配偶權益	219,900,000 (L) (Note 3) (附註3)	24.03%
Mr. Tang Daoping 湯道平先生	the Company 本公司	Beneficial owner 實益擁有人	2,580,000 (L) (Note 4) (附註4)	0.28%
Mr. Hui Tsz Wai 許子慧先生	the Company 本公司	Beneficial owner 實益擁有人	4,500,000 (L) (Note 5) (附註5)	0.49%

# 董事會報告

## REPORT OF THE DIRECTORS

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION (Continued)

#### Notes:

1. The letter "L" denotes the person's long position in the Shares.
2. Among these 544,742,400 Shares, as to 392,842,400 Shares are registered in the name of and beneficially owned by New Green Group Limited, the entire issued share capital of which is beneficially owned by Texhong Group Holdings Limited, a company wholly owned by Mr. Hong Tianzhu and as to 151,900,000 Shares are registered in the name of and beneficially owned by Trade Partner Investments Limited, the entire issued share capital of which is beneficially owned as to 57.44% by Mr. Hong Tianzhu through New Green Group Limited. Under the SFO, Mr. Hong Tianzhu is deemed to be interested in all the Shares held by New Green Group Limited and Trade Partner Investments Limited. Mr. Hong Tianzhu is a director of Texhong Group Holdings Limited, New Green Group Limited and Trade Partner Investments Limited.
3. Among these 219,900,000 Shares, as to 68,000,000 Shares are registered in the name of and beneficially owned by Wisdom Grace Investments Limited, the entire issued share capital of which is beneficially owned by Ms. Zhao Zhiyang and as to 151,900,000 Shares are registered in the name of and beneficially owned by Trade Partner Investments Limited, the entire issued share capital of which is beneficially owned as to 42.56% by Ms. Zhao Zhiyang through Wisdom Grace Investments Limited. Mr. Zhu Yongxiang is the spouse of Ms. Zhao Zhiyang. Under the SFO, Mr. Zhu Yongxiang is deemed to be interested in the same number of shares in which Ms. Zhao Zhiyang is interested. Mr. Zhu Yongxiang is a director of Wisdom Grace Investments Limited and Trade Partner Investments Limited.
4. These interests includes 2,000,000 share options granted to Mr. Tang Daoping pursuant to the Share Option Scheme.
5. These interests represent share options granted to Mr. Hui Tsz Wai pursuant to the Share Option Scheme.

### 董事及行政總裁於本公司或任何相聯法團之股份、相關股份及債權證之權益及淡倉(續)

#### 附註:

1. 「L」代表該人士於股份之好倉。
2. 該等544,742,400股股份中392,842,400股以New Green Group Limited (New Green Group Limited全部已發行股本由Texhong Group Holdings Limited實益擁有，洪天祝先生實益擁有後者100%權益)名義及作為實益擁有人登記；151,900,000股以Trade Partner Investments Limited (洪天祝先生透過New Green Group Limited實益擁有其全部已發行股份的57.44%權益)名義及作為實益擁有人登記。根據證券及期貨條例，洪天祝先生被視為於New Green Group Limited及Trade Partner Investments Limited持有之所有股份佔有權益。洪天祝先生為Texhong Group Holdings Limited、New Green Group Limited及Trade Partner Investments Limited之董事。
3. 該等219,900,000股股份中68,000,000股以Wisdom Grace Investments Limited (其全部已發行股本由趙志揚女士實益擁有)名義及作為實益擁有人登記；151,900,000股以Trade Partner Investments Limited (趙志揚女士透過Wisdom Grace Investments Limited實益擁有其全部已發行股份的42.56%權益)名義及作為實益擁有人登記。朱永祥先生為趙志揚女士之配偶。根據證券及期貨條例，朱永祥先生被視為於趙志揚女士佔有權益之同樣數目股份中佔有權益。朱永祥先生為Wisdom Grace Investments Limited及Trade Partner Investments Limited之董事。
4. 該等權益包括根據購股權計劃授予湯道平先生的2,000,000份購股權。
5. 該等權益代表根據購股權計劃授予許子慧先生的購股權。

## 董事會報告 REPORT OF THE DIRECTORS

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

So far as the Directors are aware, as at 31 December 2019, the interests or short position of the persons other than a Director or chief executive of the Company in the Shares, underlying shares or debentures of the Company or its associated corporations which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Ordinary Shares of the Company:

### 主要股東在本公司股份、相關股份及債權證之權益及淡倉

就董事所知悉，於二零一九年十二月三十一日，於本公司或其相聯法團股份、相關股份或債權證中擁有根據證券及期貨條例第336條紀錄於本公司須予存置之登記冊內之權益或淡倉的人士（惟本公司之董事或行政總裁除外）如下：

本公司之普通股：

Name of the substantial shareholders 主要股東姓名／名稱	Nature of interests 權益性質	Number of ordinary shares (Note 1) 普通股數目 (附註1)	Percentage 百分比
New Green Group Limited	Beneficial owner 實益擁有人	392,842,400 (L) (Note 2) (附註2)	42.93%
	Interest of controlled corporation(s) 所控制法人權益	151,900,000 (L) (Note 3) (附註3)	16.60%
Trade Partner Investments Limited	Beneficial owner 實益擁有人	151,900,000 (L) (Note 3) (附註3)	16.60%
Wisdom Grace Investments Limited	Beneficial owner 實益擁有人	68,000,000 (L) (Note 4) (附註4)	7.43%
	Interest of controlled corporation(s) 所控制法人權益	151,900,000 (L) (Note 3) (附註3)	16.60%
Texhong Group Holdings Limited	Interest of controlled corporation(s) 所控制法人權益	544,742,400 (L) (Notes 2 and 3) (附註2及3)	59.53%
Ms. Ke Luping 柯綠萍女士	Interest of spouse 配偶權益	550,142,400 (L) (Note 5) (附註5)	60.12%
Ms. Zhao Zhiyang 趙志揚女士	Interest of controlled corporation(s) 所控制法人權益	219,900,000 (L) (Note 6) (附註6)	24.03%
Mr. Hui Ching Lau 許清流先生	Interest of controlled corporation(s) 所控制法人權益	55,058,000 (L) (Note 7) (附註7)	6.02%
Event Star Limited	Beneficial owner 實益擁有人	55,058,000 (L) (Note 7) (附註7)	6.02%

# 董事會報告

## REPORT OF THE DIRECTORS

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

(Continued)

Notes:

1. The letter "L" denotes the person's long position in the Shares.
2. These 392,842,400 Shares are registered in the name of and beneficially owned by New Green Group Limited, the entire issued share capital of which is beneficially owned by Texhong Group Holdings Limited, a company wholly beneficially owned by Mr. Hong Tianzhu. Under the SFO, each of Texhong Group Holdings Limited and Mr. Hong Tianzhu is deemed to be interested in all the Shares held by New Green Group Limited.
3. These 151,900,000 Shares are registered in the name of and beneficially owned by Trade Partner Investments Limited, the entire issued share capital of which is beneficially owned as to 57.44% by Mr. Hong Tianzhu through New Green Group Limited and 42.56% by Ms. Zhao Zhiyang through Wisdom Grace Investments Limited. Under the SFO, each of Mr. Hong Tianzhu, Ms. Zhao Zhiyang, New Green Group Limited and Wisdom Grace Investments Limited is deemed to be interested in all the Shares held by Trade Partner Investments Limited.
4. These 68,000,000 Shares are registered in the name of and beneficially owned by Wisdom Grace Investments Limited, the entire issued share capital of which is beneficially owned by Ms. Zhao Zhiyang. Under the SFO, Ms. Zhao Zhiyang is deemed to be interested in all the Shares held by Wisdom Grace Investments Limited.
5. Ms. Ke Luping is the spouse of Mr. Hong Tianzhu. Under the SFO, Ms. Ke Luping is deemed to be interested in the same number of Shares in which Mr. Hong Tianzhu is interested.
6. Among these 219,900,000 Shares, as to 68,000,000 Shares are registered in the name of and beneficially owned by Wisdom Grace Investments Limited, the entire issued share capital of which is beneficially owned by Ms. Zhao Zhiyang and as to 151,900,000 Shares are registered in the name of and beneficially owned by Trade Partner Investments Limited, the entire issued share capital of which is beneficially owned as to 42.56% by Ms. Zhao Zhiyang through Wisdom Grace Investments Limited.
7. These 55,058,000 Shares are registered in the name of and beneficially owned by Event Star Limited, a company which is 100% controlled by Mr. Hui Ching Lau. Under the SFO, Mr. Hui Ching Lau is deemed to be interested in all the Shares held by Event Star Limited.

### 主要股東在本公司股份、相關股份及債權證之權益及淡倉(續)

附註：

1. 「L」代表該人士於股份之好倉。
2. 該等392,842,400股股份以New Green Group Limited (New Green Group Limited全部已發行股本由Texhong Group Holdings Limited實益擁有，洪天祝先生實益擁有後者100%權益)名義及作為實益擁有人登記。根據證券及期貨條例，Texhong Group Holdings Limited及洪天祝先生均被視為於New Green Group Limited持有之所有股份佔有權益。
3. 該等151,900,000股股份以Trade Partner Investments Limited (其全部已發行股本由洪天祝先生(透過New Green Group Limited)及趙志揚女士(透過Wisdom Grace Investments Limited)分別實益擁有57.44%及42.56%)名義及作為實益擁有人登記。根據證券及期貨條例，洪天祝先生、趙志揚女士、New Green Group Limited及Wisdom Grace Investments Limited分別被視為於Trade Partner Investments Limited持有之所有股份佔有權益。
4. 該等68,000,000股股份以Wisdom Grace Investments Limited (其全部已發行股本由趙志揚女士實益擁有)名義及作為實益擁有人登記。根據證券及期貨條例，趙志揚女士被視為於Wisdom Grace Investments Limited持有之所有股份佔有權益。
5. 柯綠萍女士為洪天祝先生之配偶。根據證券及期貨條例，柯綠萍女士被視為於洪天祝先生佔有權益之同樣數目股份佔有權益。
6. 該219,900,000股股份中68,000,000股以Wisdom Grace Investments Limited (其全部已發行股本由趙志揚女士實益擁有)名義及作為實益擁有人登記；151,900,000股以Trade Partner Investments Limited (趙志揚女士透過Wisdom Grace Investments Limited實益擁有其全部已發行股份的42.56%權益)名義及作為實益擁有人登記。
7. 該等55,058,000股股份以Event Star Limited之名義登記及由其實益擁有，而該公司完全由許清流先生控制。根據證券及期貨條例，許清流先生被視為於Event Star Limited持有之所有股份中擁有權益。

# 董事會報告

## REPORT OF THE DIRECTORS

### ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed under the section headed “Share Options” above, at no time during the year ended 31 December 2019 was the Company, its holding company or its subsidiaries a party to any arrangements which enabled the Directors (including their spouses or children under 18 years of age), to acquire benefits by means of acquisition of Shares in or debenture of the Company or any other body corporate.

### CONTRACTS OF SIGNIFICANCE

Save as disclosed in the related party transactions as set out in note 37 of the financial statements and in the section headed “Connected transactions” in this annual report, no Director nor an entity connected with such director had a material interest, whether directly or indirectly, in any transaction, arrangement or contract of significance in relation to the Group’s business to which the Company or any of its subsidiaries was a party, subsisting at the end of the year or at any time during the year.

Save as disclosed in the related party transactions as set out in note 37 of the financial statements and in the section headed “Connected transactions” in this annual report, no contract of significance has been entered into between the Company or any of its subsidiaries and the controlling shareholder (as defined in the Listing Rules) of the Company or any of its subsidiaries.

### MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company which were not contracts of service with any Director or any person engaged in full time employment of the Company were entered into or subsisted during the year.

### MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2019, the percentages of purchases and sales attributable to the Group’s major suppliers and customers are as follows:

Purchases	
— the largest supplier	13.0%
— five largest suppliers combined	24.1%
Sales	
— the largest customer	3.5%
— five largest customers combined	9.2%

None of the Directors, their close associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company’s share capital) had an interest in the major suppliers or customers of the Group noted above.

### 購買股份或債權證之安排

除上述「購股權」一節披露者外，截至二零一九年十二月三十一日止年度，本公司、其控股公司或其附屬公司概無參與訂立安排讓董事（包括其配偶或未滿十八歲之子女）以透過收購本公司或任何其他法人團體之股份或債權證之方法獲得利益。

### 重大合約

除本年報財務報表附註37及「關連交易」一節所載之關連方交易所披露之外，概無董事或與該董事有關連之實體於任何就本集團業務而言屬重大且本公司或其任何附屬公司為訂約方並於年終或年內任何時間存在的交易、安排或合約中擁有重大權益（不論直接或間接）。

除本年報財務報表附註37及「關連交易」一節所載之關連方交易所披露之外，本公司或其任何附屬公司及本公司或其任何附屬公司之控股股東（定義見上市規則）之間概無訂立重大合約。

### 管理層合約

概無有關本公司整體或任何重大部分業務之管理及行政之合約（並非與任何董事或獲本公司委聘擔任全職工作之任何人士）獲訂立或存續。

### 主要客戶及供應商

截至二零一九年十二月三十一日止年度，本集團主要供應商及客戶佔本年度之採購額及銷售額百分比如下：

採購額	
— 最大供應商	13.0%
— 五位最大供應商合計	24.1%
銷售額	
— 最大客戶	3.5%
— 五位最大客戶合計	9.2%

董事、彼等之緊密聯繫人或任何股東（指據董事所知擁有本公司5%以上股本權益之股東）並無於上述之本集團主要供應商或客戶中擁有任何權益。



# 董事會報告

## REPORT OF THE DIRECTORS

### CONNECTED TRANSACTIONS

During the year ended 31 December 2019, the Group had conducted the following continuing connected transactions which were required to be disclosed pursuant to Rule 14A.71 of the Listing Rules:

#### Continuing connected transactions — Utilities Master Supply and Service Agreements

- (1) Reference is made to (i) the announcement of the Company dated 23 May 2017 in relation to the supply of utilities and wastewater treatment services by Texhong Industrial Park Vietnam Limited to each of Texhong Galaxy Technology Limited (“Texhong Galaxy”) for its uses on the Texhong Galaxy Land (as defined below) and Texhong Dyeing And Printing Vietnam Limited (Currently known as Texhong Winnitex Vietnam Limited) (“Texhong Dyeing”) for its uses on the Dyeing Land (as defined below); and (ii) the announcement of the Company dated 20 October 2017 in relation to supply of gas by Texhong Industrial Park to Texhong Dyeing Land; and (iii) the announcement of the Company dated 10 May 2019 and the supplemental announcement of the Company dated 17 May 2019.

On 10 May 2019, Texhong Galaxy, as customer, had entered into the following renewal agreements with Texhong Industrial Park, as supplier, for its uses on two parcels of industrial land located at Texhong Industrial Park, Hai Ha District, Quang Ninh Province, Vietnam with a site area of approximately 225,000 square metres and 215,000 square metres, respectively, and the infrastructure erected thereon (“Texhong Galaxy Land”) with effect from 1 January 2020 to 31 December 2021:

1. the power master supply agreement in relation to the provision and supply of electricity (“Texhong Galaxy Power Master Supply Agreement”);
2. the steam master supply agreement in relation to the provision and supply of steam (“Texhong Galaxy Steam Master Supply Agreement”);
3. the wastewater treatment service agreement in relation to the provision and supply of wastewater treatment service (“Texhong Galaxy Wastewater Treatment Service Agreement”); and
4. the water master supply agreement in relation to the provision and supply of water (“Texhong Galaxy Water Master Supply Agreement”).

(collectively, “Texhong Galaxy Agreements”)

### 關連交易

於截至二零一九年十二月三十一日止年度，本集團已進行以下持續關連交易，須根據上市規則第14A.71條披露：

#### 持續關連交易 — 水電供應及服務總協議

- (1) 茲提述 (i) 本公司日期為二零一七年五月二十三日之公佈，內容有關天虹工業園區越南有限公司分別向天虹銀河科技有限公司（「天虹銀河」）天虹銀河地塊（定義見下文）及越南天虹染整責任有限公司（現更名為天虹慶業越南有限公司）（「天虹染整」）天虹染整地塊（定義見下文）供應水電及提供污水處理服務；及 (ii) 本公司日期為二零一七年十月二十日之公佈，內容有關天虹工業園向天虹染整地塊供應燃氣；及 (iii) 本公司日期為二零一九年五月十日之公佈及本公司日期為二零一九年五月十七日之補充公佈。

於二零一九年五月十日，天虹銀河（作為客戶）與天虹工業園（作為供應商）就其使用位於越南廣寧省海河區天虹工業園兩幅地盤面積分別約為225,000平方米及215,000平方米之工業用地以及其上所建基建（「天虹銀河地塊」）訂立如下續期協議，有效期自二零二零年一月一日起至二零二一年十二月三十一日止：

1. 有關電力供應的供電總協議（「天虹銀河供電總協議」）；
2. 有關蒸氣供應的蒸汽供應總協議（「天虹銀河蒸汽供應總協議」）；
3. 有關提供廢水處理服務的污水處理服務協議（「天虹銀河污水處理服務協議」）；及
4. 有關水供應的供水總協議（「天虹銀河供水總協議」）。

（統稱為「天虹銀河協議」）

# 董事會報告

## REPORT OF THE DIRECTORS

### CONNECTED TRANSACTIONS (Continued)

#### Continuing connected transactions — Utilities Master Supply and Service Agreements (Continued)

(2) On 10 May 2019, Texhong Dyeing, as customer, had entered into the following renewal agreements with Texhong Industrial Park, as supplier, for its uses on a parcel of industrial land located at Texhong Industrial Park, Hai Ha District, Quang Ninh Province, Vietnam with a site area of approximately 123,228 square metres and the infrastructure erected thereon (“Texhong Dyeing Land”) with effect from 1 January 2020 to 31 December 2021:

1. the power master supply agreement in relation to the provision and supply of electricity (“Texhong Dyeing Power Master Supply Agreement”);
2. the steam master supply agreement in relation to the provision and supply of steam (“Texhong Dyeing Steam Master Supply Agreement”);
3. the wastewater treatment service agreement in relation to the provision and supply of wastewater treatment service (“Texhong Dyeing Wastewater Treatment Service Agreement”);
4. the water master supply agreement in relation to the provision and supply of water (“Texhong Dyeing Water Master Supply Agreement”); and
5. the provision and supply of liquefied petroleum gas (“Texhong Dyeing Gas Supply Agreement”).

(collectively, “Texhong Dyeing Agreements”)

(3) On 10 May 2019, as it is anticipated that there will be additional usage, the annual caps under the Texhong Galaxy Water Supply Master Supply Agreement, Texhong Galaxy Wastewater Treatment Service Agreement and Texhong Dyeing Gas Supply Agreement were being revised.

### 關連交易 (續)

#### 持續關連交易 — 水電供應及服務總協議 (續)

(2) 於二零一九年五月十日，天虹染整(作為客戶)與天虹工業園(作為供應商)就其使用位於越南廣寧省海河區天虹工業園一幅地盤面積約為123,228平方米之工業用地以及其上所建基建(「天虹染整地塊」)訂立如下續期協議，有效期自二零二零年一月一日起至二零二一年十二月三十一日止：

1. 有關電力供應的供電總協議(天虹染整供電總協議)；
2. 有關蒸氣供應的蒸汽供應總協議(「天虹染整蒸汽供應總協議」)；
3. 有關提供廢水處理服務的污水處理服務協議(「天虹染整污水處理服務協議」)；
4. 有關水供應的供水總協議(「天虹染整供水總協議」)；及
5. 提供及供應液態石油氣(「天虹染整燃氣供應協議」)。

(統稱為「天虹染整協議」)

(3) 於二零一九年五月十日，由於預計將會增加用量，天虹銀河供水總協議、天虹銀河污水處理服務協議及天虹染整燃氣供應協議項下的年度上限已經修訂。

# 董事會報告

## REPORT OF THE DIRECTORS

### CONNECTED TRANSACTIONS (Continued)

#### Continuing connected transactions — Utilities Master Supply and Service Agreements (Continued)

(4) On 10 May 2019, Texhong United Technology Vietnam Company Limited (“United Technology Vietnam”), had entered into the following agreements with Texhong Industrial Park, as supplier, for its uses on a parcel of industrial land located at Texhong Industrial Park, Hai Ha District, Quang Ninh Province, Vietnam with a site area of approximately 269,748.5 square meters and the infrastructure erected thereon (“United Technology Vietnam Land”) with effect from 1 June 2019 to 31 December 2021:

1. the power master supply agreement in relation to the provision and supply of electricity (“United Technology Vietnam Power Master Supply Agreement”);
2. the steam master supply agreement in relation to the provision and supply of steam (“United Technology Vietnam Steam Master Supply Agreement”);
3. the wastewater treatment service agreement in relation to the provision and supply of wastewater treatment service (“United Technology Vietnam Wastewater Treatment Service Agreement”); and
4. the water master supply agreement in relation to the provision and supply of water (“United Technology Vietnam Water Master Supply Agreement”).

(collectively, “United Technology Vietnam Agreements”)

Please refer to the announcement of the Company dated 10 May 2019 for further details.

The tables below set out the actual transaction amount and the annual caps for the year ended 31 December 2019 for each of the Texhong Dyeing Agreements, Texhong Galaxy Agreements and United Technology Vietnam Agreements.

### 關連交易(續)

#### 持續關連交易 — 水電供應及服務總協議(續)

(4) 於二零一九年五月十日，天虹聯合科技越南有限公司(「聯合科技越南」)與天虹工業園(作為供應商)就其使用位於越南廣寧省海河區天虹工業園一幅地盤面積約為269,748.5平方米之工業用地以及其上所建基建(「聯合科技越南地塊」)訂立如下協議，有效期自二零一九年六月一日起至二零二一年十二月三十一日止：

1. 有關電力供應的供電總協議(「聯合科技越南供電總協議」)；
2. 有關蒸氣供應的蒸汽供應總協議(「聯合科技越南蒸汽供應總協議」)；
3. 有關提供廢水處理服務的污水處理服務協議(「聯合科技越南污水處理服務協議」)；及
4. 有關水供應的供水總協議(「聯合科技越南供水總協議」)。

(統稱為「聯合科技越南協議」)

有關進一步詳情，請參閱本公司日期為二零一九年五月十日的公佈。

下表載列天虹染整協議、天虹銀河協議及聯合科技越南協議各自截至二零一九年十二月三十一日止年度之實際交易金額及年度上限。

# 董事會報告

## REPORT OF THE DIRECTORS

### CONNECTED TRANSACTIONS (Continued)

### 關連交易(續)

For the year  
ended  
31 December  
2019  
截至二零一九年  
十二月三十一日  
止年度

#### Texhong Dyeing Agreements

##### 天虹染整協議

Texhong Dyeing Power Master Supply Agreement 天虹染整供電總協議	Actual transaction amount 實際交易金額	RMB3.6 million 人民幣 3,600,000 元
	Existing annual caps 現有年度上限	RMB22.4 million 人民幣 22,400,000 元
Texhong Dyeing Water Master Supply Agreement 天虹染整供水總協議	Actual transaction amount 實際交易金額	RMB1.2 million 人民幣 1,200,000 元
	Existing annual caps 現有年度上限	RMB3.0 million 人民幣 3,000,000 元
Texhong Dyeing Steam Master Supply Agreement 天虹染整蒸汽供應總協議	Actual transaction amount 實際交易金額	RMB11.4 million 人民幣 11,400,000 元
	Existing annual caps 現有年度上限	RMB29.1 million 人民幣 29,100,000 元
Texhong Dyeing Wastewater Treatment Service Agreement 天虹染整污水處理服務協議	Actual transaction amount 實際交易金額	RMB1.6 million 人民幣 1,600,000 元
	Existing annual caps 現有年度上限	RMB3.7 million 人民幣 3,700,000 元
Texhong Dyeing Gas Supply Agreement 天虹染整燃氣供應協議	Actual transaction amount 實際交易金額	RMB1.5 million 人民幣 1,500,000 元
	Previous annual caps 先前年度上限	RMB3.1 million 人民幣 3,100,000 元
	Revised annual caps 經修訂年度上限	RMB3.4 million 人民幣 3,400,000 元
<b>Texhong Galaxy Agreements</b>		
<b>天虹銀河協議</b>		
Texhong Galaxy Power Master Supply Agreement 天虹銀河供電總協議	Actual transaction amount 實際交易金額	RMB163.9 million 人民幣 163,900,000 元
	Existing annual caps 現有年度上限	RMB260.3 million 人民幣 260,300,000 元

# 董事會報告

## REPORT OF THE DIRECTORS

### CONNECTED TRANSACTIONS (Continued)

### 關連交易(續)

		For the year ended 31 December 2019 截至二零一九年 十二月三十一日 止年度
Texhong Galaxy Water Master Supply Agreement 天虹銀河供水總協議	Actual transaction amount 實際交易金額	RMB2.696 million 人民幣 2,696,000 元
	Previous annual caps 先前年度上限	RMB1.52 million 人民幣 1,520,000 元
	Revised annual caps 經修訂年度上限	RMB2.7 million 人民幣 2,700,000 元
Texhong Galaxy Steam Master Supply Agreement 天虹銀河蒸汽供應總協議	Actual transaction amount 實際交易金額	RMB10.2 million 人民幣 10,200,000 元
	Existing annual caps 現有年度上限	RMB10.3 million 人民幣 10,300,000 元
	Revised annual caps 經修訂年度上限	RMB3.6 million 人民幣 3,600,000 元
Texhong Galaxy Wastewater Treatment Service Agreement 天虹銀河污水處理服務協議	Actual transaction amount 實際交易金額	RMB3.596 million 人民幣 3,596,000 元
	Previous annual caps 先前年度上限	RMB2.2 million 人民幣 2,200,000 元
	Revised annual caps 經修訂年度上限	RMB3.6 million 人民幣 3,600,000 元
<b>United Technology Vietnam Agreements</b> 聯合科技越南協議		
United Technology Vietnam Power Master Supply Agreement 聯合科技越南供電總協議	Actual transaction amount 實際交易金額	Nil 無
	Existing annual caps 現有年度上限	RMB2.471 million 人民幣 2,471,000 元
United Technology Vietnam Steam Master Supply Agreement 聯合科技越南蒸汽供應總協議	Actual transaction amount 實際交易金額	RMB53,000 人民幣 53,000 元
	Existing annual caps 現有年度上限	RMB2.792 million 人民幣 2,792,000 元
United Technology Vietnam Wastewater Treatment Service Agreement 聯合科技越南污水處理服務協議	Actual transaction amount 實際交易金額	Nil 無
	Existing annual caps 現有年度上限	RMB1.211 million 人民幣 1,211,000 元
United Technology Vietnam Water Master Supply Agreement 聯合科技越南供水總協議	Actual transaction amount 實際交易金額	RMB27,000 人民幣 27,000 元
	Existing annual caps 現有年度上限	RMB661,000 人民幣 661,000 元



# 董事會報告

## REPORT OF THE DIRECTORS

### CONNECTED TRANSACTIONS (Continued)

#### Listing Rules implication

Texhong Industrial Park is a connected person of the Company by virtue of its being an associate of Mr. Hong Tianzhu, the chairman of the Company and an executive Director and Mr. Zhu Yongxiang, the co-chief executive officer of the Group and an executive Director. Therefore, the transactions contemplated under the Texhong Dyeing Agreements, the Texhong Galaxy Agreements and United Technology Vietnam Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The independent non-executive Directors have, for the purpose of Rule 14A.55 of the Listing Rules, reviewed and confirmed that the aforementioned continuing connected transactions undertaken by the Group were entered into (i) in the ordinary and usual course of business of the Group; (ii) either on normal commercial terms or better; and (iii) in accordance with the relevant agreements governing the transactions on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole. PricewaterhouseCoopers, the auditors of the Company, has issued a letter to the Company to confirm the matters stated in Rule 14A.56 of the Listing Rules.

#### Connected transaction

On 23 December 2019, Texhong Industrial Park entered into an agreement (“Agreement”) with Texhong Knitting (Hong Kong) Limited (“Texhong Knitting”), an indirect wholly-owned subsidiary of the Company, in relation to the acquisition of land use rights of a parcel of industrial land located at Texhong Haiha Industrial Park, Hai Ha District, Quang Ninh Province, Vietnam with a site area of approximately 249,904.5 square meters (“Phase I Land”) for a total consideration of around RMB106.0 million.

Texhong Industrial Park is a connected person of the Company by virtue of it being an associate of Mr. Hong Tianzhu, the chairman of the Group and an executive Director and Mr. Zhu Yongxiang, the co-chief executive officer of the Group and an executive Director. The entering into of the Agreement between Texhong Industrial Park and Texhong Knitting therefore constituted a connected transaction under Chapter 14A of the Listing Rules. Please refer to the announcement of the Company dated 23 December 2019 and the supplemental announcement dated 3 January 2020 regarding the acquisition of land use rights in Vietnam.

### 關連交易(續)

#### 上市規則之涵義

天虹工業園為本公司主席兼執行董事洪天祝先生及本集團聯席行政總裁兼執行董事朱永祥先生之聯繫人，故屬本公司之關連人士。因此，天虹染整協議、天虹銀河協議及聯合科技越南協議項下擬進行交易構成上市規則第14A章項下本公司之持續關連交易。

就上市規則第14A.55條而言，獨立非執行董事已檢討及確認本集團上述持續關連交易(i)乃於本集團日常及一般業務過程中；(ii)按正常或更佳商業條款；及(iii)根據規範交易的相關協議按公平合理條款訂立，符合本公司股東整體利益。本公司核數師羅兵咸永道會計師事務所已向本公司發出函件，確認上市規則第14A.56條所述事項。

#### 關連交易

於二零一九年十二月二十三日，天虹工業園區與本公司間接全資附屬公司天虹針織(香港)有限公司(「天虹針織」)訂立協議(「協議」)，內容有關收購一幅位於越南廣寧省海河區天虹海河工業區、土地面積約249,904.5平方米之工業用地(「第一期地塊」)之土地使用權，總代價約為人民幣1.06億元。

天虹工業園區為本集團主席兼執行董事洪天祝先生及本集團聯席行政總裁兼執行董事朱永祥先生之聯繫人士，故屬本公司之關連人士。因此，天虹工業園區與天虹針織訂立協議構成上市規則第14A章項下之關連交易。有關收購越南土地使用權事項，請參閱本公司日期為二零一九年十二月二十三日之公佈及日期為二零二零年一月三日之補充公佈。

# 董事會報告

## REPORT OF THE DIRECTORS

### CONNECTED TRANSACTIONS (Continued)

#### Material acquisition and disposal

As announced by the Company on 10 December 2018 (the “Winnitex Announcement”), the Company entered into a sale and purchase agreement (the “S&P Agreement”) with, among others, Winnitex Group Limited and Winnitex China Holdings Limited on 7 December 2018 for the purchase by the Company of the entire issued share capital of Winnitex Holdings Limited and the entire equity interest in Zhejiang Qing Mao Weaving, Dyeing, Printing Co., Ltd. for the aggregate consideration of HK\$1.35 billion (subject to the adjustments as disclosed in the Winnitex Announcement). Winnitex Holdings Limited and its subsidiary, together with Zhejiang Qing Mao Weaving, Dyeing, Printing Co., Ltd. (collectively, the “Target Group”) are principally engaged in the manufacturing and sale of woven textile fabrics and providing a vertically integrated service, from spinning, weaving, dyeing, to finishing for its international clients.

As further disclosed in the Winnitex Announcement, on 7 December 2018, Texhong Winnitex Holdings Limited (a then wholly-owned subsidiary of the Company) (“Texhong Winnitex”) entered into a subscription agreement (the “Subscription Agreement”) with, among others, Mr. Wai Chi Kwok, Jacob and Mr. Wai Chi Wah, Nelson (collectively, the “Subscribers”) as subscribers for the subscription by the Subscribers of 20% of the enlarged share capital of Texhong Winnitex at the subscription price determined based on the formula disclosed in the Winnitex Announcement. Pursuant to the Subscription Agreement, a reorganisation took place upon which Texhong Winnitex has become the holding company of (i) the Target Group; (ii) the weaving and dyeing operations in Nicaragua owned and controlled by Texhong Winnitex Americas Limited (a then wholly-owned subsidiary of the Company) together with its subsidiaries; and (iii) the weaving and dyeing operations in Vietnam owned and controlled by Merit Horizon International Limited (a then wholly-owned subsidiary of the Company) together with its subsidiaries.

Completion of the above acquisition and subscription took place in April 2019. Both the acquisition and the subscription constituted discloseable transactions of the Company under Chapter 14 of the Listing Rules, please refer to the Winnitex Announcement for further details.

Save as disclosed above, there was no material acquisition and disposal of subsidiaries or associated companies by the Company during the financial year ended 31 December 2019.

#### PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors at the latest practicable date prior to the issue of this annual report, there was sufficient prescribed public float of the issued shares of the Company under the Listing Rules at any time during the financial year ended 31 December 2019.

### 關連交易(續)

#### 重大收購及出售事項

誠如本公司於二零一八年十二月十日公佈(「慶業公佈」)，本公司與(其中包括)Winnitex Group Limited及慶業中國控股有限公司於二零一八年十二月七日訂立買賣協議(「買賣協議」)，內容有關本集團收購Winnitex Holdings Limited的全部已發行股本及浙江慶茂紡織印染有限公司的全部股權，總代價為13.5億港元(可按慶業公佈所披露者作出調整)。Winnitex Holdings Limited及其附屬公司連同浙江慶茂紡織印染有限公司(統稱「目標集團」)主要從事製造及銷售梭織面料，並為國際客戶提供紡紗、織布、染整以至製成之縱向整合服務。

誠如慶業公佈進一步披露，於二零一八年十二月七日，天虹慶業控股有限公司(本公司當時全資附屬公司)(「天虹慶業」)與(其中包括)魏志國先生及魏志華先生(統稱「認購人」)(作為認購人)訂立認購協議(「認購協議」)，內容有關認購人按慶業公佈所披露之公式釐定之認購價認購天虹慶業經擴大已發行股本之20%。根據認購協議，已進行重組，其後天虹慶業已成為以下各方之控股公司：(i)目標集團；(ii)由天虹慶業美洲有限公司(本公司當時全資附屬公司)連同其附屬公司所擁有及控制之尼加拉瓜織布及染整業務；及(iii)由優景國際有限公司(本公司當時全資附屬公司)連同其附屬公司所擁有及控制之越南織布及染整業務。

上述收購事項及認購事項已於二零一九年四月完成。根據上市規則第14章，收購事項及認購事項均構成本公司之須予披露交易，進一步詳情請參閱慶業公佈。

除上文所披露者外，本公司於截至二零一九年十二月三十一日止財政年度並無重大收購及出售附屬公司或聯營公司事項。

#### 公眾持股量

根據於本年報刊發前之最後實際可行日期本公司獲得之公開資料及據董事所知，本公司於截至二零一九年十二月三十一日止財政年度任何時間已發行股份均有充分之指定公眾持股量，符合上市規則。

# 董事會報告

## REPORT OF THE DIRECTORS

### AUDIT COMMITTEE

The Company has established the Audit Committee pursuant to a resolution of the Directors passed on 21 November 2004. The Audit Committee comprises three independent non-executive Directors, namely Mr. Ting Leung Huel, Stephen, Professor Tao Xiaoming and Professor Cheng Longdi. Mr. Ting Leung Huel, Stephen is the chairman of the Audit Committee. The rights and duties of the Audit Committee comply with the code provisions of the CG Code. The Audit Committee is responsible for reviewing and supervising the Group's financial reporting process and internal control system and providing advice and recommendations to the Board.

The Audit Committee had reviewed the audited results of the Group for the financial year ended 31 December 2019.

### NOMINATION COMMITTEE

The Company has established the Nomination Committee pursuant to a resolution of the Directors passed on 19 March 2012. The Nomination Committee comprises an executive Director and the chairman of the Company, Mr. Hong Tianzhu and three independent non-executive Directors, namely Professor Tao Xiaoming, Professor Cheng Longdi and Mr. Ting Leung Huel, Stephen. The chairman of the Nomination Committee is Mr. Hong Tianzhu. The Nomination Committee has adopted terms of reference which are in line with the code provisions of the CG Code. The Nomination Committee is provided with sufficient resources to discharge its duties and has access to independent professional advice in accordance with the Company's policy if considered necessary.

### REMUNERATION COMMITTEE

The Company has established the Remuneration Committee pursuant to a resolution of the Directors passed on 21 November 2004. The Remuneration Committee comprises three independent non-executive Directors, namely Mr. Ting Leung Huel, Stephen, Professor Tao Xiaoming and Professor Cheng Longdi and the chairman and executive Director, namely Mr. Hong Tianzhu. Mr. Ting Leung Huel, Stephen is the chairman of the Remuneration Committee. The Remuneration Committee has rights and duties consistent with those set out in the code provisions of the CG Code. The Remuneration Committee is principally responsible for formulating the Group's policy and structure for all remunerations of the Directors and senior management and providing advice and recommendations to the Board.

### 審核委員會

根據董事於二零零四年十一月二十一日通過的一項決議案，本公司已成立審核委員會。審核委員會由三名獨立非執行董事組成，包括丁良輝先生、陶肖明教授及程隆棟教授，丁良輝先生為審核委員會主席。審核委員會所採納的權力及職責符合企業管治守則之守則條文。審核委員會負責審閱及監督本集團之財務匯報程序及內部監控制度，並向董事會提供意見及推薦建議。

審核委員會已審閱本集團截至二零一九年十二月三十一日止財政年度之經審核業績。

### 提名委員會

根據董事於二零一二年三月十九日通過的一項決議案，本公司已成立提名委員會。提名委員會由執行董事兼本公司主席洪天祝先生及三名獨立非執行董事組成，三名董事分別為陶肖明教授、程隆棟教授及丁良輝先生。洪天祝先生為提名委員會主席。提名委員會所採納的職權範圍符合企業管治守則之守則條文。提名委員會獲提供充分資源以履行其職務，並可按本公司政策在有需要時尋求獨立專業意見。

### 薪酬委員會

根據董事於二零零四年十一月二十一日通過的一項決議案，本公司已成立薪酬委員會。薪酬委員會由三名獨立非執行董事丁良輝先生、陶肖明教授、程隆棟教授及主席兼執行董事洪天祝先生組成。丁良輝先生為薪酬委員會主席。薪酬委員會已採納與企業管治守則之守則條文一致的權力及職責。薪酬委員會主要負責擬訂本集團董事及高級管理層的所有酬金政策及架構，向董事會提供意見及建議。

# 董事會報告

## REPORT OF THE DIRECTORS

### CHARITABLE CONTRIBUTIONS

During the year ended 31 December 2019, the Group made charitable contributions amounted to approximately RMB4.40 million.

### LITIGATION

Neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against the Company or any of its subsidiaries that would have a material adverse effect on the financial condition or results of operation of the Group during the year ended 31 December 2019.

### AUDITOR

The financial statements have been audited by PricewaterhouseCoopers who will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

On behalf of the Board

**Hong Tianzhu**  
*Chairman*

Hong Kong, 16 March 2020

### 慈善捐款

截至二零一九年十二月三十一日止年度，本集團作出慈善捐款約人民幣440萬元。

### 訴訟

於截至二零一九年十二月三十一日止年度，本公司或其任何附屬公司概無牽涉於任何重大訴訟或仲裁，而據董事所知，本公司或其任何附屬公司並無涉及任何會對本集團財務狀況或經營業績構成重大不利影響之待決或面臨威脅之重大訴訟或索償。

### 核數師

財務報表已經由羅兵咸永道會計師事務所審核。該核數師將任滿告退，其合資格並願意於即將舉行的股東週年大會上獲續聘。

承董事會命

**洪天祝**  
*主席*

香港，二零二零年三月十六日

# 環境、社會及管治報告

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

According to the requirements of the Appendix 27 “Environmental, Social and Governance Reporting Guide” (the “ESG Reporting Guide”) to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Company has prepared this environmental, social and governance report (the “ESG Report” or the “Report”), which sets out the performance of the Group in terms of environmental and social subject areas in 2019. This is the fourth ESG Report published consecutively by the Group.

The Report covers the main business segments of the Group in the manufacturing of yarns, grey fabrics, garment fabrics and garments, including the environmental key performance indicators (“KPI”) of the 18 production subsidiaries of the Group that are situated in Mainland China, Vietnam, Cambodia and Nicaragua, throughout the financial year ended 31 December 2019. There are no major adjustments to the scope of the Report as compared to the ESG Report contained in the annual report for the year ended 31 December 2018.

The Group performed an assessment over the relevant subject areas and KPIs in terms of applicability and materiality in accordance with the ESG Reporting Guide. In full compliance with the disclosure requirement “comply or explain”, this report provides explanations as to why certain disclosure rules do not apply to the Group, thereby satisfying the reporting principles of the ESG Reporting Guide:

- “Materiality”: The Group determines material ESG issues by stakeholders engagement and materiality assessment;
- “Quantitative”: The Report states the Group’s applicable environmental KPIs on a quantitative basis;
- “Consistency”: The relevant disclosure methodology of the Report remains unchanged and will be consistent from year to year.

本集團根據《香港聯合交易所有限公司證券上市規則》附錄27《環境、社會及管治報告指引》(簡稱「ESG報告指引」)要求，編製本《環境、社會及管治報告》(簡稱「ESG報告」或「本報告」)，載列本集團於二零一九年在環境及社會方面的表現。這是本集團連續發佈的第四份ESG報告。

本報告覆蓋本集團的紗線、坯布、面料、服裝等主要業務板塊，並包括截至二零一九年十二月三十一日止整個財政年度本集團位於中國大陸、越南、柬埔寨和尼加拉瓜的18家附屬生產公司的環境範疇關鍵績效指標。報告範圍相較於二零一八年十二月三十一日止年度年報所載ESG報告無重大調整。

本集團根據《ESG報告指引》對相關層面和關鍵績效指標進行了適用性及實質性評估。本報告完全符合「不遵守就解釋」披露要求，報告中對不適用於集團的披露規則進行了解釋，遵守《ESG報告指引》匯報原則：

- 「重要性」原則：本集團通過利益相關方參與及實質性評估，確定重要環境、社會及管治議題；
- 「量化」原則：本報告定量匯報了本集團環境範疇的適用關鍵績效指標；
- 「一致性」原則：本報告相關披露統計方法沒有發生變化，後續年度將與本報告的統計口徑保持一致。



## 1. RESPONSIBILITY MANAGEMENT

### 1.1 Responsibility Strategy

The Group upholds the core values of “Respect for nature and love for mankind” and the corporate mission of “Becoming a global leading cotton textile enterprise that emphasizes creating a wonderful life”. It adheres to the principles of “Honest Partnership, creativity and excellence, customer-oriented approach” and insists on a sustainable development pattern. Just like the integration and interaction of the three-color ribbons in the Group logo, Texhong integrates social, economic and environmental responsibilities into production and operation to promote the concept of humanity, environmental friendliness and energy conservation, health and safety, and integrity, with a view to becoming a socially responsible corporation.

### 1.2 Governance structure

The Group recognizes the importance of enhancing its own environmental and social performances to maintain business sustainability. In determining its operation strategy, therefore, the Group considers risks and opportunities affecting the ESG issues, which will provide guidelines for its daily business operations.

The Board endorses the Group's commitments to ESG responsibility, and assumes full responsibility for ESG strategies and reporting. The Board reviews the ESG performance of the Group annually, identifies, evaluates and manages important ESG-related matters, and oversees and approves annual ESG report.

In charge of assessing and determining the ESG risk exposure, the management of the Group also ensures the Group establishes appropriate and effective ESG risk management and internal control systems and reports to the Board the risks and opportunities related to ESG, and provides confirmation on the effectiveness of the ESG system.

To carry out the full-scale ESG management work, the Group's ESG working group, comprised of the major functional departments of Texhong, is established, and all responsible officers in charge of various functional departments will directly participate in and designate personnel to engage in the ESG management and reporting work, the work progress of which will be reported to the management of the Group.

## 1. 責任管理

### 1.1 責任戰略

本集團以「敬天愛人，自利利他」為核心價值觀，以「成為全球領先的棉紡織企業，創意精彩生活」為企業願景，恪守「誠實合作、創新卓越、客戶導向」的行動綱領，始終堅持企業可持續發展道路。正如集團標誌中三色飄帶交融互動，天虹將社會、經濟與環境責任融入到生產運營中，傳遞以人為本、環保節能、健康安全、誠信經營的理念，努力成為一家有企業社會責任感的公司。

### 1.2 管治架構

本集團深知提升自身環境與社會績效對集團可持續化運營的重要性，已將影響ESG的風險與機遇因素納入集團經營戰略中，指導日常業務運營。

董事會支持本集團對於履行ESG責任所作的承諾，並對本集團的ESG策略及匯報承擔全部責任。董事會每年審閱集團的ESG表現，識別、評估並管理重要的ESG相關事宜，監管及審批年度ESG報告。

本集團管理層負責評估及釐定本集團有關ESG的風險，確保本集團設立合適及有效的ESG風險管理及內部控制系統，向董事會匯報ESG相關的風險與機遇，並提供有關ESG系統是否有效的確認。

為全面開展ESG管理工作，本集團成立了由天虹主要部門組成的ESG工作組，各部門負責人直接參與，並指定專人負責開展ESG管理和報告的工作，向集團管理層匯報ESG管理和報告的工作進度。

1. RESPONSIBILITY MANAGEMENT (Continued)

1.3 Stakeholder Engagement

The Group attaches great importance to communications with stakeholders and establishes effective communication channels with key stakeholders including shareholders, employees, suppliers and customers, and actively responds to the demands and expectations of stakeholders.

1. 責任管理(續)

1.3 利益相關方溝通

本集團重視與利益相關方的溝通，與主要利益相關方包括股東、員工、供貨商與客戶等建立了有效地溝通渠道，積極回應利益相關方的訴求與期望。

Stakeholders 利益相關方	Expectations and concerns 期望與要求	Means of communication 溝通方式
<b>Government</b>  政府	<ul style="list-style-type: none"> <li>• Observance of disciplines and laws</li> <li>• Tax payment in accordance with laws</li> <li>• Labour rights</li> <li>• Environmental protection</li> </ul>	<ul style="list-style-type: none"> <li>• Daily supervision</li> <li>• Official correspondence</li> <li>• Conference exchange</li> </ul>
<b>Shareholders/investors</b>  股東／投資者	<ul style="list-style-type: none"> <li>• Information disclosure</li> <li>• Investment returns</li> <li>• Corporate governance</li> <li>• Risk control</li> <li>• Sustainable development</li> </ul>	<ul style="list-style-type: none"> <li>• General Meeting of Shareholders</li> <li>• Company website</li> <li>• Mail, telephone and fax</li> <li>• Investor relations activities</li> <li>• Website of the Stock Exchange</li> </ul>
<b>Employees</b>  員工	<ul style="list-style-type: none"> <li>• Wages and benefits</li> <li>• Occupational health and safety</li> <li>• Training and development opportunities</li> <li>• Democratic communication and human rights protection</li> </ul>	<ul style="list-style-type: none"> <li>• Complaint E-mail and hotline</li> <li>• Annual meetings, routine meetings, etc.</li> <li>• Internal publications (Texhong News)</li> <li>• Employee activities</li> </ul>

1. RESPONSIBILITY MANAGEMENT (Continued)

1.3 Stakeholder Engagement (Continued)

1. 責任管理(續)

1.3 利益相關方溝通(續)

Stakeholders 利益相關方	Expectations and concerns 期望與要求	Means of communication 溝通方式
<b>Customers</b>	<ul style="list-style-type: none"> <li>Product quality and safety</li> <li>Quality service</li> <li>Product innovation</li> <li>Sustainable development</li> </ul>	<ul style="list-style-type: none"> <li>Customer satisfaction survey</li> <li>Visiting customers</li> <li>Handling customer complaints</li> </ul>
客戶	<ul style="list-style-type: none"> <li>產品質量與安全</li> <li>優質服務</li> <li>產品創新</li> <li>可持續發展</li> </ul>	<ul style="list-style-type: none"> <li>客戶滿意度調查</li> <li>客戶走訪</li> <li>客戶投訴處理</li> </ul>
<b>Partners</b>	<ul style="list-style-type: none"> <li>Supply chain management</li> <li>Quality and price</li> <li>Integrity and compliance</li> </ul>	<ul style="list-style-type: none"> <li>Project cooperation negotiation</li> <li>Visiting suppliers</li> <li>Quality communication</li> </ul>
合作夥伴	<ul style="list-style-type: none"> <li>供應鏈管理</li> <li>質量與價格</li> <li>誠信合規</li> </ul>	<ul style="list-style-type: none"> <li>項目合作談判</li> <li>供應商走訪</li> <li>質量溝通</li> </ul>
<b>Society</b>	<ul style="list-style-type: none"> <li>Environmental protection</li> <li>Events for good causes</li> </ul>	<ul style="list-style-type: none"> <li>Charitable donations</li> <li>Volunteer service</li> </ul>
社會	<ul style="list-style-type: none"> <li>環境保護</li> <li>公益活動</li> </ul>	<ul style="list-style-type: none"> <li>慈善捐贈</li> <li>志願者服務</li> </ul>

1. RESPONSIBILITY MANAGEMENT (Continued)

1.4 Materiality assessment

In order to improve the quality of the disclosures, the Group conducted an ESG materiality assessment to identify key issues which concern our stakeholders, and made targeted disclosures.

In 2019, the ESG working group conducted the materiality assessment by taking the following steps:

- **Identification of issues:** Taking into consideration factors such as the Group's current situation, industry situation and risks and opportunities, 20 ESG issues relevant to the Group and its stakeholders were identified;
- **Questionnaire survey:** Focusing on the identified issues, online and offline survey questionnaires were designed and issued to internal and external stakeholders such as management, employees, customers and suppliers. A total of 125 valid questionnaires were received and summarized and materiality analysis was conducted to obtain preliminary materiality assessment results;
- **Confirmation of results:** The preliminary results were discussed, verified and confirmed by the senior management and the ESG working group, and the final materiality assessment results were obtained.

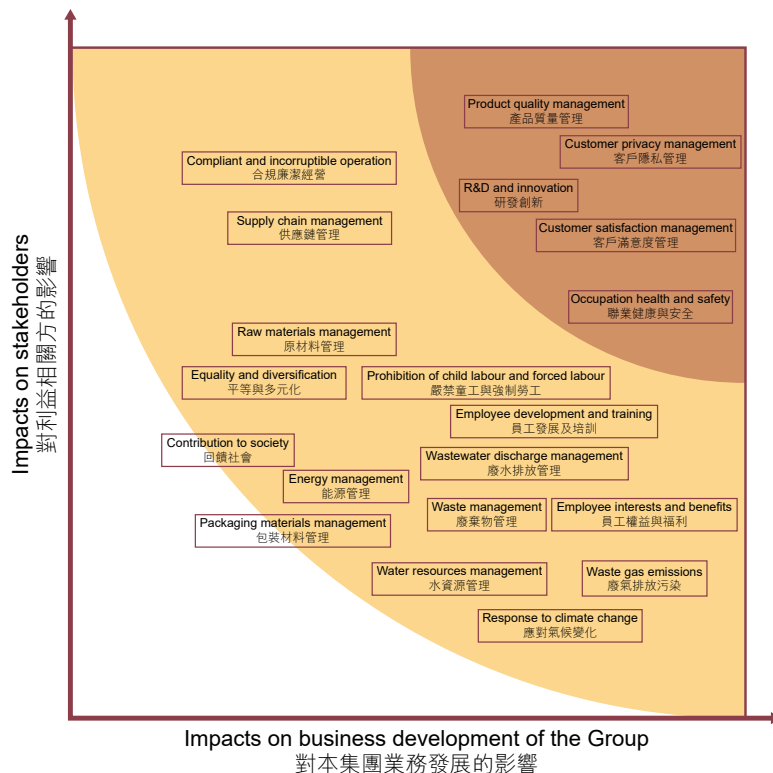
1. 責任管理(續)

1.4 實質性評估

為提高披露內容的質量，本集團開展 ESG 實質性評估，確定利益相關方關注的關鍵議題，並有針對性地進行披露。

二零一九年，ESG 工作小組按照以下步驟開展實質性評估：

- **議題識別：**綜合考慮集團現狀、行業概況、面臨風險和機遇等因素，識別出對集團及其利益相關方相關的 20 個 ESG 議題；
- **問卷調研：**針對識別出的議題分別對管理層、員工、客戶和供應商等內、外部利益相關方設計和發放線上和線下調研問卷，共收回 125 份有效問卷，對問卷進行匯總和實質性分析，得出初步實質性評估結果；
- **結果確認：**初步結果由高級管理層與 ESG 工作小組進行討論、驗證和確認，最終得到實質性評估結果。



2. OPERATION RELIABILITY

2.1 Product responsibility

2.1.1 Product quality

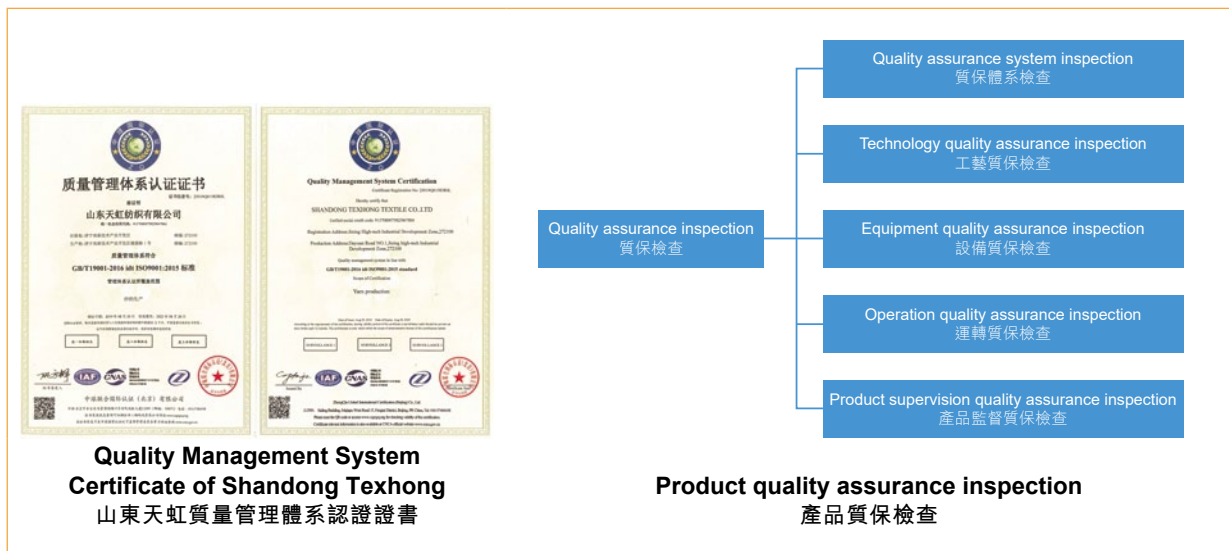
The Group attaches great importance to product quality management and strictly complies with relevant local laws and regulations, such as the “Product Quality Law of the People’s Republic of China”, “Law of the People’s Republic of China on the Protection of Consumers’ Rights and Interests”, and “National General Safety Technical Code for Textile Products”. The Group has improved its internal systems such as the “Quality assurance structure”, “Quality work manual”, “Rules on order assessment and product modification”, and “Rules on order assessment and product modification” and established an ISO 9001 quality management system and obtained third-party certification.

2. 運營可靠

2.1 產品責任

2.1.1 產品質量

本集團高度重視產品質量管理，嚴格遵守當地的相關法律法規，如《中華人民共和國產品質量法》《中華人民共和國消費者權益保護法》和《國家紡織產品基本安全技術規範》等，完善內部《質保體系》《質量工作手冊》《訂單評審及品種翻改相關規定》《產品生產、入庫相關規定》等制度體系，建立 ISO 9001 質量管理體系並通過第三方認證。



In order to ensure product quality, the Group has established a quality assurance inspection system and clearly defined the job responsibilities, inspection requirements, inspection frequency, etc. of each responsible person, and requires each inspector to conduct inspection for the purpose of solving problems and achieving effective control, and to supervise rectification and ensure quality.

With increased investment in technological instruments, the Group adopts advanced equipment for effective control over product quality and integrates quality management into the whole production process.

為保證產品質量，本集團搭建了質保檢查體系，明確各責任人崗位職責、檢查要求、檢查頻次等，要求各檢查人以解決問題、實現有效控制為目的檢查，督促整改，保證質量。

本集團加大科技設備的投入，借助先進的設備對產品質量進行有效地監控，將質量管理落實到產品生產的全過程。



2. OPERATION RELIABILITY (Continued)

2.1 Product responsibility (Continued)

2.1.1 Product quality (Continued)

The Group complies with the requirements such as the “Quality management and shutdown policy” and “Rules on quality issue handling”. When the quality fluctuation reached a level that requires shutdown, for example, failure to meet internal control standards during raw materials inspection, production will be stopped immediately and relevant administrator will be notified to arrange rectification. The production can only be resumed once passing the inspection. Afterwards, the Group will also impose cash and administrative penalties on the person in charge of quality assurance in light of the nature of the issue according to policies such as the “Responsibility and accountability policy for quality issues”.

The Group improved the operating skill level of our employees, strengthened the awareness of standard operation, and improved product quality through monthly quality analysis meetings, internal and external quality training sessions, operation competitions, etc.

In 2019, all subsidiaries stepped up efforts in quality control, enhanced the construction of quality assurance team, organized various relevant policies, and implemented quality work throughout the production process:

- Xuzhou Texhong Yinfeng Textile Co., Ltd. (“Texhong Yinfeng”): Daily planning and scheduling meetings were held every day to review and approve product modification and yarn sample base stations one by one, and the quality control of each product variety was well done. Attention was paid to the training and construction of the quality assurance team, so as to give play to the role of quality assurance, and 24-hour uninterrupted inspection was conducted to ensure that the products were under control all the time;
- Jiangsu Century Texhong Textile Co., Ltd. (“Jiangsu Texhong”): Production process of low-elasticity product varieties were refined and organized. Analysis was conducted to identify the crux of problems. Management system of operation, equipment and technology in the production of low-elasticity varieties were revised;

2. 運營可靠(續)

2.1 產品責任(續)

2.1.1 產品質量(續)

本集團遵循《質量管理關車制度》《質量問題與措施相關規定》等規定，在質量波動至關車標準時，如原料檢驗中達不到內控標準等，立即停止生產，並通知相關管理員組織整改，驗收合格後方能開車。事後本集團還會根據《質量問題責任追究制度》等制度按不同問題性質對質保負責人進行經濟和行政處罰。

本集團還通過月度質量分析會、內外部質量培訓、操作比賽等形式來提升員工的操作技能水平，強化規範操作的意識，提高產品質量。

二零一九年，各子公司加大質量把關力度，加強質保隊伍建設，梳理各項相關制度，在生產全過程落實質量工作：

- 徐州天虹銀豐紡織有限公司（「天虹銀豐」）：每天召開計劃調度會，對翻改品種及樣紗機台逐台審核，並做好各品種的質量要點把關工作；抓好質保隊伍的培訓建設工作，發揮質保的重要作用，確保24小時不間斷檢查，保證產品始終在受控狀態；
- 江蘇世紀天虹紡織有限公司（「江蘇天虹」）：細化梳理低彈品種的生產環節，分析造成系列問題的症結，重新修訂運轉、設備、工藝在生產低彈品種的管理制度；

**2. OPERATION RELIABILITY (Continued)**

**2.1 Product responsibility (Continued)**

**2.1.1 Product quality (Continued)**

- Texhong Galaxy Technology Limited (“Texhong Galaxy”): Product process control responsibility system and quality traceability system were implemented. Training of quality assurance inspection team was optimized. The capacity of product quality control has been significantly improved compared to last year.

**2.1.2 R&D and innovation**

Since its establishment in 1997, the Group has been committed to creating differentiated products and bringing forth new products constantly, and promoted industrial upgrading and revolution in the field of cotton textile. The Group has invested a large amount of funds and resources in technological innovation and technological transformation. With our laboratories as the technical center, the Group has developed a number of new technologies and products with a focus on pure cotton products, including elastic pure cotton core-spun yarn series, high-end yarns and garment fabrics for knitting, through independent R&D and cooperation with renowned domestic and international fabric developers and research institutions. The Group expands market share with top-notch, superb, premium and advanced products and its product quality reaches the level between 5% to 25% of Uster Technologies, which is the exceptional level for domestic standard and caters for both the domestic and international market primarily focused on product diversification and sophistication.

The Group has established a national research and development institute under Xuzhou Texhong Times Textile Co., Ltd (“Texhong Times”). The person-in-charge of the institute is our technical director. The Group has established several entrepreneur-scholar researcher joint development bases in cooperation with major renowned institutions and universities.

**2. 運營可靠(續)**

**2.1 產品責任(續)**

**2.1.1 產品質量(續)**

- 天虹銀河科技有限公司(「天虹銀河」): 實行產品過程管控負責制和質量追溯制, 對質保檢查小組培訓優化, 產品質量管控能力較去年大幅提升。

**2.1.2 研發創新**

自一九九七年成立以來, 本集團一直致力於打造差異化產品並不斷的推陳出新, 在棉紡織領域推動產業升級及變革。本集團在技術創新和技術改造上投入大量資金, 以實驗室為技術中心, 通過自主研究以及與國內外知名纖維開發商及研究機構的合作, 開發了主要以純棉產品為主的多種新技術與新產品, 包括純棉包芯彈力系列、高檔針織用紗和服裝面料等。本集團以高、精、尖、新等新產品佔領市場, 其產品的質量水平均達到烏斯特公報5%到25%水平, 達到國內標準的優級水平, 迎合了目前以產品多樣化和高檔化為主要方向的國內國際市場。

本集團在徐州天虹時代紡織有限公司(「天虹時代」)建立了集團國家級研發中心, 由技術總監擔任中心主要負責人, 先後與各大知名機構及院校合作建立產學研開發基地。

## 2. OPERATION RELIABILITY (Continued)

### 2.1 Product responsibility (Continued)

#### 2.1.3 Intellectual properties

The Group pays close attention to the protection of intellectual properties, keeps in view our patents, LOGO and trademarks, safeguards our legal rights and intellectual property rights, and maintains fair competition in the market. The Group observes relevant local laws and regulations, such as “Trademark Law of the People’s Republic of China”, “Patent Law of the People’s Republic of China”, “Regulation for the Implementation of Patent Law of the People’s Republic of China” and “Anti-Unfair Competition Law of the People’s Republic of China”, and complies with internal policies, such as the “Management Policy on Intellectual Property Rights”, “Management Policy on Transformation of Scientific and Technological Achievements”, “Incentive Measures on Transformation of Scientific and Technological Achievements” and “Management Policy on Research and Development Structure”. As of the end of 2019, the Group had 194 patents, including 44 invention patents, 141 utility model patents, and 9 software copyrights.

The Group requires its subsidiaries to use legitimate software, such as IP telephony service, SAP and OA, and prohibits the installation of pirated software.

### 2.2 Dedicated service

#### 2.2.1 Customer relations

The Group assigns specific staff to different customers in order to handle their enquiries in a timely manner, including enquiries on order quality, quantity requirement, delivery schedule and customer feedback. In 2019, the Group and its subsidiaries actively improved relevant policies documents. For example, Taltex (Zhuhai) Co., Ltd. (“Taltex (Zhuhai)”) updated the policy on “After-sale Customer Service” to standardize the handling procedures.

The business philosophy of the Group is to expand market share with brand name and improve customer satisfaction. Consumers’ opinions and suggestions would be analyzed comprehensively in order to improve the quality of products and services constantly and boost customer satisfaction in every possible way.

## 2. 運營可靠(續)

### 2.1 產品責任(續)

#### 2.1.3 知識產權

本集團十分關注知識產權保護，持續關注本集團專利、LOGO和商標，維護集團的合法權益和知識產權，以及市場的公平性競爭。本集團嚴格執行當地的相關法律法規，如《中華人民共和國商標法》《中華人民共和國專利法》《中華人民共和國專利法實施細則》和《中華人民共和國反不正當競爭法》等，並遵循包括《知識產權管理制度》《科技成果轉化管理制度》《科技成果轉化獎勵辦法》《研發組織管理制度》等內部制度。截至二零一九年底，本集團擁有各類專利194件，其中，發明專利44件，實用新型專利141件，軟件著作權9件。

本集團要求各子公司均使用正版軟件，如IP電話，SAP和OA等系統軟件，並禁止非正版軟件的安裝。

### 2.2 熱忱服務

#### 2.2.1 客戶關係

本集團針對不同的客戶安排專門的對接人員，及時處理客戶提出的各項問題，包括：訂單質量、數量要求、交期及客戶反饋的及時處理。二零一九年，本集團及子公司積極完善相關制度文件，如聯業織染(珠海)有限公司(「珠海聯業」)更新了《客戶售後服務》文件，以規範處理流程。

本集團堅持企業的經營理念，以品牌拓市場、視客戶的滿意度為企業追求和目標，全面分析用戶的意見和建議，持續改進產品和服務質量，全方位提升客戶滿意度。

## 2. OPERATION RELIABILITY (Continued)

### 2.2 Dedicated service (Continued)

#### 2.2.2 Customer satisfaction

Market intelligence department of the Group conducts biannual satisfaction surveys on major customers who have purchased the Group's products and invites them to complete "Customer Satisfaction Questionnaire". In past sampling done by national, provincial and city supervising authorities on the Group, there has been no unsatisfactory result and the objective of "Consistent product quality to meet customers' needs" has been achieved. In accordance with aftersales quality management requirements, professionals of the Group offer all-rounded services for products sold and have been widely recognized by customers.

In 2019, the Group's technical director, grey fabric sales director, grey fabric project manager, Texhong Times's general manager and Zhongtian Nylon Company (中天錦綸公司)'s leaders focused their discussion on issues such as improving customer satisfaction.

二零一九年，本集團技術總監、坯布銷售總監、坯布計劃負責經理和天虹時代總經理及中天錦綸公司領導就提升客戶滿意度等問題進行集中討論。



#### 2.2.3 Customer complaints

The Group strictly adheres to the relevant local laws and regulations, such as the "Law of the People's Republic of China on the Protection of Consumers' Rights and Interests" to prepare documents like "Flow chart on the handling of quality feedback from customers on yarns of the Group" to ensure speedy and effective resolution for quality issue reported by customers. The Group registers and records every enquiry and requirement on quality raised by customers. For handling customer complaints, we meet with relevant staff to analyze the cause and identify responsible department to devise and implement countermeasures. Reply to customer and handling record will be made within 20 days.

The quality department of the Group categorizes customer feedback and analyzes pending issues, followed by the preparation of after-sales service report. The Group boosts its product quality constantly to create a leading edge in the market. Customer satisfaction and product quality also benefit significantly from such practices. Customer service managers of the Group are responsible for supervising and examining after-sales services and providing monthly and annual report to after-sales service department at the headquarters. Customer visits are arranged for the general manager of the Group, if necessary.

## 2. 運營可靠(續)

### 2.2 熱忱服務(續)

#### 2.2.2 客戶滿意度

本集團市場信息部每半年對購買本集團產品的主要客戶進行滿意度調查，邀請客戶填寫《客戶滿意度調查表》。本集團在國家、省及市技術監督部門的歷次抽查中未出現不合格，達到了「產品質量持續穩定，滿足客戶需要」的質量目標。本集團的專業技術人才按照質量售後管理要求，對出售產品進行全方位服務，獲得了客戶的廣泛認可。

#### 2.2.3 客戶投訴

本集團嚴格按照當地的相關法律法規，如《中華人民共和國消費者權益保護法》等要求，編製了《集團紗線客戶質量反饋處理流程圖》等流程文件，以保證客戶反饋的質量問題得到及時、有效的解決。本集團對客戶提出的質量問題和要求進行逐條登記，並做好記錄，根據匯報情況，召集有關人員分析原因，確定責任部門，研究處理辦法並予以實施，同時在20日內給客戶答覆，並處理和記錄。

本集團品質部對收集的客戶反饋信息進行整理分類，分析存在的問題，並編寫售後服務報告。本集團不斷提高的產品質量使其在市場上處於領先優勢，極大地提升了用戶滿意度和產品知名度。本集團客服經理負責監督檢查售後服務工作，對售後服務工作進行月度小結和年末總結，必要時安排集團總經理進行客戶走訪。

## 2. OPERATION RELIABILITY (Continued)

### 2.2 Dedicated service (Continued)

#### 2.2.4 Customer privacy

Recognizing the importance of customer relations and respecting the privacy of every customer, the Group actively safeguards the privacy and security of each customer. For instance, Shandong Texhong Textile Co., Ltd. ("Shandong Texhong") strictly implements "Regulation on Employee Management" so that employees who disclose without authorization any customer, technology and other confidential information in relation to business operation or internal department operation shall be put on probation and it may result in termination of employment contract in a serious case.

### 2.3 Green supply chain

The Group considers the enhancement of social responsibility performance of suppliers a fundamental task and obligation of supply chain management. Through visits and exchange, we promote the Group's spirit of anti-unfair competition, respect for intellectual property and anti-bribery to every part of the supply chain. The Group has established guidelines such as "Regulation on the Management of Procurement Operation of Daily Supplies of Subsidiaries" and "Regulation on the Procurement of Certain Supplies of the Headquarter and Texhong China" to regulate the supply chain system. Moreover, the Group integrates the spirit of environmental and social sustainability into the management of supply chain:

- Open tender for selection of logistic services.
- Logistic contract: in case of newly signed or renewed contracts, certain clauses in relation to the requirements of environmental and social sustainability will be added, which is legally binding on the cooperating parties.
- Assessment system: certain terms in relation to environmental and social sustainability (refinement and quantification of contract requirements) are added to the existing assessment system of transportation company as a regular management tool.

## 2. 運營可靠(續)

### 2.2 熱忱服務(續)

#### 2.2.4 客戶隱私

本集團重視與客戶的關係，尊重每個客戶的隱私權，積極地維護每個客戶的隱私與安全。例如，山東天虹紡織有限公司(「山東天虹」)嚴格執行《員工管理條例》，未經批准向他人洩漏與公司業務經營或公司內各部門業務有關的客戶、技術和其他有關公司保密信息的員工會改為試用工，造成嚴重後果的則與其解除勞動合同。

### 2.3 綠色供應鏈

本集團把推動供應商履行社會責任作為供應鏈管理的一項基本責任和義務，通過訪問與交流，把本集團的反不正當競爭、尊重知識產權以及反對商業賄賂等信息傳遞到供應鏈的各個環節。本集團制定了《關於集團子公司常用物資採購操作管理的規定》和《集團總部暨天紡中國部分物資的採購規定》等指引以監管供應鏈管理制度。此外，本集團將環境和社會可持續發展精神引入供應鏈管理中：

- 公開招標物流服務。
- 物流合同：在新簽或續簽的雙方合同中增加與環境和社會可持續發展要求有關的若干條款，對合作的公司有約束性。
- 考核制度：在現有對運輸公司的考核制度中補充若干與環境和社會可持續發展相關的條款(細化量化合同的要求)，作為常態化管理工具。



2. OPERATION RELIABILITY (Continued)

2.3 Green supply chain (Continued)

In 2019, subsidiaries of the Group conveyed the concepts of environmental protection, energy saving and sustainable management to suppliers through visits to suppliers and site inspections, and encouraged suppliers to adopt environmental-friendly products and use energy efficiently so as to continuously improve environmental performance:

- Jiangsu Texhong: All transportation trailers and forklifts used by transportation contractors are required to be environmental-friendly electric vehicles, so as to reduce pollution to the workshop. For main and auxiliary machines to be purchased, all motors deployed by suppliers are required to be national energy-saving products to meet the standards of the NDRC in respect of reduction in energy consumption;
- Texhong Winnitex Vietnam Limited (“Texhong Winnitex Vietnam”): Suppliers are required to use chemical products that meet environmental protection requirements and to provide the certificate of Bluesign Standard, the OEKO-TEX certificate issued by the International Oeko-Tex Association and the certificates of Zero Discharge of Hazardous Chemicals (ZDHC) or Global Organic Textile Standard (GOTS) etc.

2. 運營可靠(續)

2.3 綠色供應鏈(續)

二零一九年，集團子公司通過走訪供應商、實地考察等形式，向供應商傳遞環保節能、可持續管理等理念，並鼓勵供應商採用環保產品、高效用能，持續提高環境績效：

- 江蘇天虹：要求承包運輸供應商所使用的運輸拖車、叉車全部採用環保的電瓶車輛，以減少對車間的污染；針對採購的主輔機，要求供應商配置的電機全部為國家節能減耗產品，以滿足國家發改委的能源降耗標準；
- 天虹慶業越南有限公司（「天虹慶業越南」）：要求供應商所使用的化工產品符合環保要求，提供染料藍色標誌標準Bluesign Standard認證、國際環保紡織協會OEKO-TEX認證，有害化學品零排放ZDHC或全球有機紡織品標準GOTS相關證書等。

### 3. EMPLOYEE CARE

#### 3.1 Health and safety

In addition to strictly complying with the relevant local laws and regulations regarding employee health and safety, such as the “Work Safety Law of the People’s Republic of China”, “Law of the People’s Republic of China on the Prevention and Control of Occupational Diseases”, “Measures for the Supervision and Administration of Occupational Health Surveillance”, and “Design Standards for Occupational Safety and Health for Businesses in the Textile Industry”, the Group has introduced a series of internal rules and systems to safeguard workplace safety and prevent occupational diseases, strengthens the protection of female employees and devotes its efforts to achieving the balance between work and life of its employees.

##### 3.1.1 Safe production

The Group attaches great importance to safe production. All subsidiaries passed the level three safe production standardization certification and obtained the level three safe production standardization certificate.

The Group has established a safety management system and implemented a top-to-bottom safety management accountability system:

- Marketing and production department is responsible for management and supervision of production process and sites;
- Each branch factory conducts inspections, identifies and promptly solves problems as required;
- Operators of each process operate in accordance with operating procedures, and often carry out self-inspection and mutual-inspection.

### 3. 員工關懷

#### 3.1 健康與安全

本集團嚴格遵守當地與員工健康與安全相關的法律法規，如《中華人民共和國安全生產法》《中華人民共和國職業病防治法》《職業健康監護管理辦法》和《紡織工業企業職業安全衛生設計規範》等，通過一系列的內部規章制度來規範公司的安全生產與職業病防護工作，加強女性員工保護，致力於員工工作與生活的平衡。

##### 3.1.1 安全生產

本集團高度關注安全生產，各子公司通過三級安全生產標準化認證，並獲得三級安全生產標準化證書。

本集團建立安全管理體系，執行自上而下安全管理責任制：

- 營銷生產部負責生產過程和現場管理與監督；
- 各分廠按規定進行巡檢，發現問題，及時協調解決；
- 各工序操作人員按照操作規程操作，並經常進行自檢和互檢。

## 3. EMPLOYEE CARE (Continued)

### 3.1 Health and safety (Continued)

#### 3.1.1 Safe production (Continued)

With the implementation of requirements such as “Policy on Safe Production”, “Rules on Accident Handling”, “Policy on Production Accidents”, “Policy on Production Standardization”, “Policy on Regular Safe Production Meetings”, “Policy on Safe Production Education”, “Policy on Accident Reporting and Handling” and “Policy on Emergency Response”, the Group has established the safe production accountability mechanism for all subsidiaries and the safety responsibilities of management personnel at all levels, and specified accident levels and corresponding penalties; upheld the principle of “Four prohibition” on incomplete cause investigation, incomplete disciplinary action for responsible staff member, incomplete rectification measures and incomplete training for relevant staff member to improve safety education and implement rectifying measures; and continued the promotion of 6S management and backup support of the Group and its subsidiaries.

In 2019, the Group and its subsidiaries constantly updated and improved the safety management mechanisms and systems:

- Shandong Texhong: Safety management standards and systems such as the “Measures for the Assessment of Management of Safe Production”, “Letter of Commitment on Three-level Safe Production Objective of the Company”, “Security Management System and Assessment Rules”, “Inspection and Assessment Criteria for Hidden Dangers of the Company”, “Implementation Plan of the Leading Group of Occupational Health and Safety of Shandong Texhong Textile” and “Occupational Health Management Rules and Regulations” were revised;
- Xuzhou Texhong Yinlian Textile Co., Ltd. (“Texhong Yinlian”): Documents such as the “Safe Production Responsibility for Staff Members at Each Level”, “Management of Fire Control and Open Fire”, “Association of safety inspection and examination”, “Objectives of Safety and Fire Control”, “Association of safe operation” and “Emergency Plan for Safe Production” were formulated and revised.

## 3. 員工關懷(續)

### 3.1 健康與安全(續)

#### 3.1.1 安全生產(續)

本集團通過《安全生產管理制度》《安全事故處理規定》《生產安全事故管理制度》《安全生產標準化管理制度》《安全生產工作例會制度》《安全生產教育制度》《事故報告處理制度》《公司事故應急救援制度》等制度規定，落實所有子公司的安全生產責任制、各級管理人員的安全等職責，明確安全事故等級及相應處罰；執行落實「四不放過」原則，即事故原因未查清不放過、責任人員未處理不放過、整改措施未落實不放過和有關人員未受到教育不放過，做好人員安全教育及落實整改措施；並持續推進集團及各子公司的6S管理及後勤保障工作。

二零一九年，本集團及各子公司持續更新、完善安全管理體系和制度：

- 山東天虹：修訂了《安全生產管理考核辦法》《公司三級安全目標責任狀》《保安全管理制度及考核細則》《公司隱患檢查考核標準》《山東天虹紡織職業衛生健康安全領導小組實施方案》《職業衛生管理規章制度》等安全管理類標準與制度；
- 徐州天虹銀聯紡織有限公司（「天虹銀聯」）：制修了《各級人員安全生產職責》《消防明火管理制度》《安全檢查考核細則》《安全消防控制目標》《安全操作規程》《安全生產應急預案》等文件。

3. EMPLOYEE CARE (Continued)

3.1 Health and safety (Continued)

3.1.1 Safe production (Continued)

The Group adopts various safety precautions throughout its daily operation. The Group and its subsidiaries post notices and warnings in workplaces subject to occupational hazards to raise employees' awareness of self-protection. In 2019, in the newly constructed factory of Texhong Galaxy, signs of speed limits and watch for pedestrians were displayed to restrict the speed of external vehicles, and open-air storage are enclosed by wire fences. Warning signs against smoking are also placed to ensure fire safety of warehouse. Safety groups conduct self-inspection and mutual-inspection on fire safety of industrial chain in the park on a weekly and monthly basis to minimize potential safety hazards.

The Group provides training and learning sessions to its employees in relation to workplace safety, which primarily include the safety procedures, management system, hazard identification skills and a three-level safety induction program. Cases of industrial accidents occurred in the Group and other comparable companies would be used for learning and discussion. Lessons are learnt through accident analysis meetings to prevent repeated violation.

In 2019, the subsidiaries of the Group actively carried out various activities such as fire drills, flood-control drills and workplace safety training to spread knowledge of laws and regulations and strengthen its capability to prevent workplace accidents and save lives and safeguard its production safety.

3. 員工關懷(續)

3.1 健康與安全(續)

3.1.1 安全生產(續)

日常工作中，本集團採取各種安全防範措施。本集團及各子公司在車間有職業危害的地方進行告知和警示，以提高員工自我防護意識。二零一九年，天虹銀河新建廠房安裝限速、注意行人標識，限制外來車輛行使車速的管制，加裝露天倉庫鐵絲網圍牆，安裝煙火警示標示，確保倉庫的防火安全；每周、每月組織安全組自查、互查園區產業鏈安全消防，減少安全隱患。

本集團為員工提供與工作場所安全有關的培訓及學習課程，內容包含安全規程、管理制度、危險源辨識技能以及新員工三級安全教育等方面。本集團將自身及可比較公司發生的工業事故案件用於學習及討論，以事故分析會的模式進行事故反省，以吸取教訓，杜絕重複違章現象。

二零一九年，集團各子公司積極開展消防演習、防汛演練和安全生產培訓等活動，普及法律法規知識，加強自防自救的能力，保障公司生產安全。



**Shandong Texhong:**  
emergency drill on electric shock  
山東天虹：觸電應急演練



**Texhong Winnitex Vietnam:**  
fire drills  
天虹慶業越南：消防演習



**Texhong Yinfeng:**  
safety knowledge training  
天虹銀豐：安全知識培訓

3. EMPLOYEE CARE (Continued)

3.1 Health and safety (Continued)

3.1.2 Occupational disease prevention and protection

All subsidiaries of the Group have passed the occupational health and safety management system certification, which is reviewed annually. The Group has established an occupational health and safe production committee, with the general manager as the head, the deputy general manager for production as the deputy head, and the factory managers and department managers of each branch as members. The Group diligently implemented policies such as “Management of Occupational Hygiene and Safety” and “Distribution and Management of Labour Protection Equipment” and has constantly improved the existing mechanism. For example, in 2019, Nantong Texhong Textile Co., Ltd. (南通天虹紡織有限公司) (“Nantong Texhong”) formulated guidelines on occupational hygiene such as the “Management of Noise and Dust” and “Management of Inflammable and Explosive Dangerous Goods”, so as to enhance its efforts on occupational health management and occupational disease prevention;

3. 員工關懷(續)

3.1 健康與安全(續)

3.1.2 職業病防護

本集團各子公司均通過職業健康安全管理體系認證並每年進行審核。本集團成立了職業健康安全生產委員會，由總經理任組長，生產副總任副組長，各分廠廠長、部門經理任成員。本集團認真執行《職業衛生安全管理制度》《勞動保護用品發放管理制度》等制度，並持續完善現有體系，如二零一九年，南通天虹紡織有限公司(「南通天虹」)制定了《預防噪音、粉塵管理制度》《易燃易爆物危險品管理制度》等職業衛生制度規程，以加強職業健康管理和職業病防治工作；



Occupational Health and Safety Management System Certificate of Shandong Texhong  
山東天虹職業健康安全管理體系認證證書



**3. EMPLOYEE CARE (Continued)**

**3.1 Health and safety (Continued)**

**3.1.2 Occupational disease prevention and protection (Continued)**

In 2019, the Group and its subsidiaries took various measures to prevent occupational disease:

- Offered health and safety education to employees and provided induction safety training and safety retraining for elder employees;
- Compiled Occupational health profiles and arranged pre-job and on-the-job occupational health checkups to prevent occupational diseases effectively;
- Engaged third parties to conduct inspections and issue reports on occupational hazards at workplaces, such as noise and dusts, and posted notices and warning signals at workplaces where the occupational hazards exist to raise the awareness of self-protection;
- Regularly distributed personal protective equipment, such as earplugs and masks, among our staff, who will also receive training on use of the equipment.

**3.1.3 Protection for female employees**

Female employees assume a wide variety of posts on different levels in the Group. In strict compliance with relevant local laws and regulations, such as the “Law of the People’s Republic of China on the Protection of Women’s Rights and Interests”, “Labour Protection of Female Employees” and “Healthcare Work of Female Employees”, the Group protects the rights of female employees from the sources. The Group is concerned about the problems encountered by employees in their work and life and constantly improves the working environment and condition for female employees. The Group and its subsidiaries have put in place a “Three-period” requirement and regular physical examination system. For example, Nantong Texhong organizes an individual physical examination for female employees every year, providing care for female employees’ physical and mental health.

**3. 員工關懷(續)**

**3.1 健康與安全(續)**

**3.1.2 職業病防護(續)**

二零一九年，本集團及各子公司採取各種措施預防職業病：

- 對員工進行健康安全教育，實行入職前安全培訓和老員工安全再培訓；
- 建立和維護職業健康檔案，定期開展員工崗前、在崗職業病體檢等職業健康體檢，有效預防職業病的發生；
- 邀請第三方機構對作業場所進行職業危害評價和粉塵、噪聲檢測並出具報告，在車間有職業危害的地方進行告知和警示，提高員工自我防護意識；
- 按時分發耳塞、口罩等勞保用品，並對如何正確佩戴進行員工培訓。

**3.1.3 女職工保護**

在本集團，女性員工廣泛分布在不同層級、不同類別的崗位上。本集團嚴格遵守當地的相關法律法規，如《中華人民共和國婦女權益保障法》《女職工勞動保護規定》和《女職工保健作規定》等，從源頭上維護女職工的權益。本集團關注女職工在工作和生活遇到的問題，不斷改善女性勞動環境和勞動條件。本集團及各子公司落實女工「三期」規定及定期體檢制度，如南通天虹每年組織女職工單項身體檢查等，關愛女職工身心健康。

## 3. EMPLOYEE CARE (Continued)

### 3.2 Right protection

#### 3.2.1 People orientation

The Group pays attention to building a harmonious and stable labour relation and strictly complies with relevant local laws, regulations and policies, such as “Labour Law of the People’s Republic of China” and “Labour Contract Law of the People’s Republic of China”. In accordance with the “Employee Manual”, “Recruitment Management System”, “Employee Induction and Loss of Office Management Requirement”, “Employee Promotion Management Requirement”, “Performance Management Measure”, “Measures for Job Appraisal of Yarn Marketing Management Department” etc., the Group regulates recruitment process, improves the mechanism of talent selection, and actively protects employees’ legal rights.

The Group enters into written labour contracts with all employee based on the principles of “Equality, willingness and mutual agreement”, and has established an annual leave policy according to legal requirements. The Group provides updates through different means to employees on recent production and operation conditions of the Group, as well as rules, regulations, and policies that are closely related to their interests:

- **Child labour:** Recruitment of child labour is prohibited by the Group. All candidates must pass age verification to ensure that their identity documents are authentic and they meet the legal age for employment.
- **Forced or compulsory labour:** Use of forced labour is prohibited by the Group. Employees have the right to refuse and report to high levels by bypassing their immediate leadership for work arrangements that violate safety regulations.
- **Working hour:** We comply with all the requirements of the national laws and regulations on working hour and overtime arrangement for employees is on a voluntary basis.

## 3. 員工關懷(續)

### 3.2 權益保護

#### 3.2.1 以人為本

本集團注重建立和諧穩定的勞動關係，嚴格執行當地有關法律、法規和政策，如《中華人民共和國勞動法》和《中華人民共和國勞動合同法》等，依據《員工手冊》《招聘管理制度》《員工入離職管理規定》《員工晉升管理規定》《績效管理管理辦法》和《紗線營銷管理部職級考評辦法》等內部規章制度，規範員工招聘流程，健全人才選用機制，積極保障員工合法權益。

本集團按照「平等、自願、協調一致」的原則，與所有員工簽訂書面勞動合同，並依法建立年休假制度。本集團通過多種形式向員工宣講集團近期的生產經營狀況以及與員工利益密切相關的規章制度，保障員工的利益：

- **童工：**本集團禁止招聘童工，所有求職者均須通過年齡身份審核，確保身份證件真實，且符合法定用工年齡。
- **強迫或強制勞動：**本集團杜絕強迫勞動，對於上級違反安全規程的工作安排，員工有權拒絕並可越級上報。
- **工作時間：**遵守各國家法律、法規關於工作時間的要求，在員工自願的情況下安排加班。

3. EMPLOYEE CARE (Continued)

3.2 Right protection (Continued)

3.2.1 People orientation (Continued)

- Labour union and collective bargaining agreement: We recognize and respect employees' right to organize and participate in a labour union and collective bargaining.
- Discrimination: Discrimination against gender, age, ethnicity, race, color, nationality, religious belief, disability, personality, etc. is prohibited.
- Harassment and torture: Harassment, torture and corporal punishment are prohibited.
- Dismissal: Any dismissal of employees is in strict compliance with local laws and regulations.

In 2019, the Group and its subsidiaries worked for continuous improvement in employment system, including but not limited to:

- Nantong Texhong: Based on the characteristics of the company's production and marketing and employees' needs in daily work, the measures for performance management were optimized. With the performance-oriented principle, assessment of individual employees was associated with their output piece count, while assessment of employees at middle and senior level and those in key positions was linked to the quantified key performance indicator work to ensure to ensure fairness and impartiality;
- Shandong Texhong: Employment incentive policies are formulated. "Policy of Leave and Attendance" and "Employee Retention Plan" were revised to retain talents and strengthen labour discipline management;
- Chung Charm Textiles Limited ("Chung Charm Textiles"): For professional and technical staff of equipment and general engineering, based on a combination of skill examination and daily performance, promotion and monthly technical allowance were provided, which encouraged employees to improve their professional maintenance and techniques, and therefore improved the diversified and extended development of employees and rationalization of promotion criteria.

3. 員工關懷(續)

3.2 權益保護(續)

3.2.1 以人為本(續)

- 工會組織和集體談判權：承認並尊重員工組織和參加工會，以及進行集體談判的權利。
- 歧視：杜絕因性別、年齡、民族、種族、膚色、國籍、宗教信仰、殘疾、個人性格等原因使員工受到歧視。
- 騷擾與虐待：保障每禁止騷擾、虐待與體罰。
- 解聘：解聘任何員工須嚴格遵照當地法律法規。

二零一九年，本集團及各子公司在僱傭制度體系方面進行持續優化，包括但不限於：

- 南通天虹：基於公司生產營銷等特點和員工日常工作需求，對績效管理方法進行優化，以績效為導向的原則，將員工個人的考核與產量計件相關聯，將中高層員工及部分關鍵崗位員工的考核與量化關鍵績效指標工作相結合，以確保公平和公正；
- 山東天虹：制定用工獎勵政策，並修訂《請假考勤制度》、《員工保有方案》等，留住人才，加強勞動紀律管理；
- 湛江中湛紡織有限公司（「中湛紡織」）：對於設備、通用工程的專業技術員工，通過技能考試和平時工作表現評估相結合的形式，晉升本崗位技師和每月技術津貼，引導員工提升專業維修及技術，在員工發展多元化、發展周期長期化以及晉升標準合理化方面做出了優化。

**3. EMPLOYEE CARE (Continued)**

**3.2 Right protection (Continued)**

**3.2.2 Equality and diversity**

The Group emphasizes equality and diversity, and provides equal care and opportunities for disabled employees and ethnic minority employees:

For disabled employees, the Group and its subsidiaries provide them with equal employment opportunities and care so that they can realize their potential in different positions. In 2019, Texhong Yinlian hired 10 disabled employees and Nantong Texhong hired 9 disabled employees.

For ethnic minority employees, the Group and its subsidiaries actively offer job opportunities and respect their daily habits and needs. For example, Nantong Texhong employed a total of 98 ethnic minority staff members in China, including Shui people, Miao people, Dai people, and Bouyei people in 2019.

**3.2.3 Humanistic care**

The Group adopts a people-oriented approach, pursues humanistic care, focuses on humane management, and promotes employees' sense of belonging and loyalty to the Company. Coffee klatches are held monthly between general managers, and seminars among workshop heads, chief operator and chief mechanist as well as after-hours meetings among employees are held regularly to help employees maintain a positive work attitude and enhance work enthusiasm. The Group endeavors to support employees in need and offers relief and condolence to employees in difficulties and their family members.

**3. 員工關懷(續)**

**3.2 權益保護(續)**

**3.2.2 平等與多元化**

本集團強調平等與多元化，對於殘疾員工和少數民族員工給予同等的關懷與機會：

對於殘疾員工，本集團及各子公司給予他們平等的就業機會和關愛，讓他們在不同的崗位上發揮自己的潛能。二零一九年，天虹銀聯招聘殘疾員工10名，南通天虹招聘殘疾人9名。

對於少數民族員工，本集團及各子公司積極提供其工作崗位，平日尊重他們的生活習性和需求想法，如南通天虹二零一九年在中國共招收水族、苗族、傣族、布衣族等少數民族員工98名。

**3.2.3 人文關懷**

本集團以人為本，追求人文關懷，注重人性化管理，增進員工對公司的歸屬感及忠誠度。本集團每月召開總經理茶話會，定期組織召開車間班組、值班長和機工組長座談會、員工班後會，幫助員工樹立良好的工作心態，提升工作熱情。本集團重視困難員工的幫扶，為各困難員工及其家屬送去溫暖和慰問。

3. EMPLOYEE CARE (Continued)

3.2 Right protection (Continued)

3.2.3 Humanistic care (Continued)

Staff activities

The Group is well-equipped with activity facilities in workspace and living space, including leisure room, television room, basketball court and badminton court. In 2019, the Group and its subsidiaries held a variety of staff activities to create a positive atmosphere.

3. 員工關懷(續)

3.2 權益保護(續)

3.2.3 人文關懷(續)

員工活動

本集團在工作區和生活區配備良好活動設施，包括員工娛樂活動室、電視房、籃球場、羽毛球場等。二零一九年，本集團及各子公司舉辦多種多樣的員工活動，營造積極向上的氛圍。



Changzhou Texhong Textile Co., Ltd.  
("Changzhou Texhong"):  
Chinese New Year reunion dinner  
常州天虹紡織有限公司(「常州天虹」): 新春團圓聚餐



Texhong Renze Textile Joint Stock Company  
("Texhong Renze"):  
Mid-Autumn festival gala  
天虹仁澤紡織股份有限公司(「天虹仁澤」): 中秋節聯歡晚會



Texhong Yinfeng:  
"Celebrating National Day" sports competition  
天虹銀豐: 「迎國慶」體育比賽活動



Texhong Galaxy: Vietnam Women's Day flower  
arrangement competition  
天虹銀河: 越南婦女節插花藝術比賽



3. EMPLOYEE CARE (Continued)

3.2 Right protection (Continued)

3.2.3 Humanistic care (Continued)

*Democratic communication*

The Group has established a smooth and democratic communication mechanism and set up Texhong employee relations committee, which receives opinions and suggestions from employees through complaint mailboxes and complaint email, in order to understand opinion, identify problems, and actively respond to employee demands to promote harmonious working environment. Management personnel at all levels stay close to the grassroots level to understand employees' opinions and suggestions on the Company's production and life and management through daily observation and reflection, employee discussions, regular employee communication days, questionnaires and other channels, and to solve problems.

All subsidiaries have also adopted various means of communication with employees continuously: Nantong Texhong has set up a general manager mailbox to respond to questions raised by employees in a timely manner; Shandong Texhong has set up a backup committee to conduct ad hoc visits on shuttles, canteens, dormitories, etc. that involve employees' lives, to handle opinions and feedback from employees, and to urge the management and contractors to improve services.

In June 2019, Texhong Renze organized a seminar for new employees. The assistant to the general manager, the human resources department, and the union representatives communicated with around 80 employees who had been employed for less than six months, so as to understand their difficulties and needs and actively seek solutions.

二零一九年六月，天虹仁澤開展新員工座談會。公司總經理助理、人力資源部、工會代表一起與約八十名入職六個月以內的員工進行交流，了解他們的困難與需求，並積極尋求解決辦法。



3. 員工關懷(續)

3.2 權益保護(續)

3.2.3 人文關懷(續)

*民主溝通*

本集團搭建暢通的民主溝通機制，設立天虹員工關係委員會，通過投訴信箱和投訴郵箱接收員工的相關意見與建議，以了解民意，發現問題，並積極回應員工訴求，促進和諧的工作環境。各級管理人員深入基層，通過日常觀察與反思、員工座談、定期員工溝通日、問卷調查等途徑了解員工對公司生產生活及管理上的意見與建議，並解決問題。

各子公司也採用多種方式與員工進行持續溝通：南通天虹設立總經理信箱，對員工提出的問題，及時答覆；山東天虹成立了後勤委員會，對涉及員工生活的班車、食堂、宿舍等進行不定期抽查暗訪，對於員工提出的意見和反饋進行協調處理，促使管理人員和承包方改進服務。

3. EMPLOYEE CARE (Continued)

3.3 Training and development

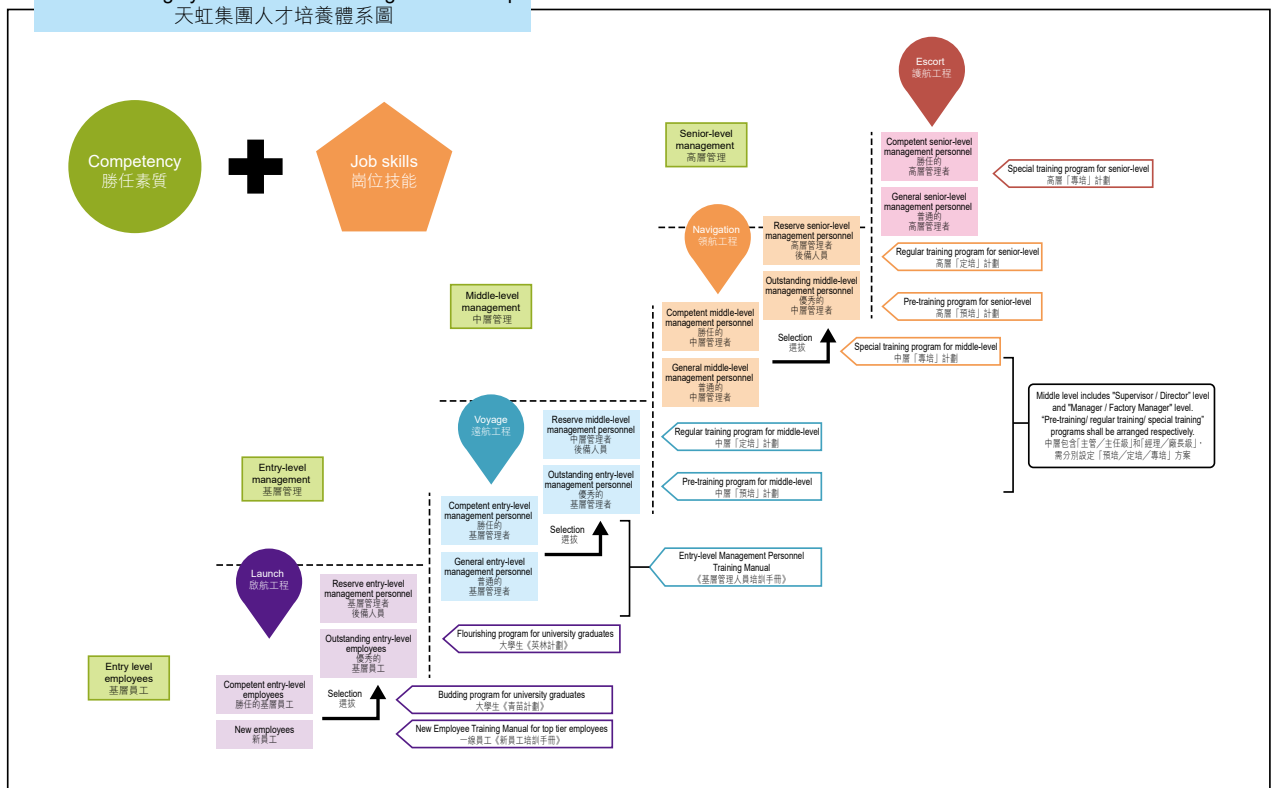
Following the continuous expansion and extension of the Group's industrial structure, manpower development has become an important part of the Group's development strategy. The Group has formulated the "Training and Implementation Measures of Texhong Textile Group" and improved the structure for training, learning course, technician, mechanist/engineer skill assessment, mid-to-entry level training and senior leadership. The Group puts in place a "Branched career path" for every employee and provides employees with a personalized and systematic development plan through "Budding program" (for university graduates with less than one year of experience), "Flourishing program" (for university graduates with one to three years of experience) and "Stratified talent nurturing program" (for all employee with more than three years of experience). Through building a team of lecturers and planning various career development paths, the Group establishes back-up talent team and develop a learning organization, with an aim to provide talents for the development of the Group at all stages and become an enterprise that learns and grows with happiness.

3. 員工關懷(續)

3.3 培訓與發展

隨著集團產業佈局發展的不斷擴大和延伸，人才發展成為本集團發展戰略的重要組成部分。根據集團戰略發展需求，本集團制定《天虹集團培訓實施管理辦法》，持續完善天虹教育學院培訓體系、課程體系及技工技師/工程師技能等級評定體系、中基層訓練營體系以及高層領導力體系。集團針對所有員工制定了「雙通道職業發展路徑」，並通過「青苗計劃」（1年內大學生）、「英林計劃」（1-3年內大學生）和「人才梯隊培養計劃」（3年以上所有員工）為員工提供個性化、系統性的發展計劃。本集團繼續建設講師隊伍，規劃各類職業發展路徑，建設後備人才梯隊，打造學習型組織，為集團各階段的發展提供人才，致力於成為學習成長的幸福企業。

Talent training system chart of Texhong Textile Group  
天虹集團人才培養體系圖



Talent training system chart of Texhong Textile Group  
天虹集團人才培養體系方案

## 3. EMPLOYEE CARE (Continued)

### 3.3 Training and development (Continued)

In 2019, in terms of manpower training and echelon construction, all subsidiaries constantly explored more advanced and diversified models, and continuously enriched and expanded employee training programs and career development channels. For example:

- Texhong Galaxy: “Regulations on the Management of Monthly Training Goal Achievement of Management Personnel” was formulated and outstanding employees were selected internally and provided with additional training, in order to cultivate reserve management personnel. An internal enrollment-cultivation-recruitment program was launched, under which high school graduates were enrolled and received training on Chinese language, rules and regulations, operations and other aspects within three months, after which, interviews were conducted and suitable jobs were arranged for them. The talent cultivation program “High School Graduates Studying in China” was carried out;
- Shandong Texhong: Based on market demand, the Compound Talent Training Plan and Talent Echelon Training Plan were established to facilitate systematic training of compound talents and cultivate outstanding management personnel resources;
- Nantong Texhong: A development and training plan was formulated for university graduates. For the professional and technical staff of equipment, technology, and quality inspection, both skills examination and work performance evaluation were carried out to guide employees to improve their level of skill and technique.

## 3. 員工關懷(續)

### 3.3 培訓與發展(續)

二零一九年，在人才培養和梯隊建設上，各子公司不斷探索更先進更多元化的模式，持續豐富和拓展員工培養方案和職業發展通道，例如：

- 天虹銀河：制定了《關於管理人員月度執行培訓目標管理規定》，從員工內部選擇優秀的員工進行培訓，培養儲備管理人員；開展了自招自培養自用的項目，招聘高中畢業生進行培養，在三個月的時間內培訓中文、規章制度、操作等各方面，結束後進行面試，並安排適合的工作崗位；開展「高中畢業生到中國留學」人才培養項目；
- 山東天虹：根據市場需求為導向，編製《複合型人才培養方案》和《人才梯隊培養方案》，系統性地培養復合型人才，更好地為公司儲備優秀管理人才；
- 南通天虹：針對大學生制定了發展培養計劃；針對設備、工藝、質檢的專業技術員工，通過技能考試和平時工作表現評估相結合的形式，引導員工提升專業維修及技術的水平。

3. EMPLOYEE CARE (Continued)

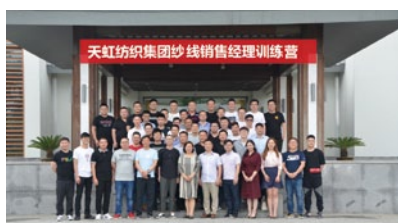
3.3 Training and development (Continued)

In 2019, all subsidiaries of the Group launched a variety of training activities such as production training and training on management skills and know-how, to provide targeted training for all types of employees, including new hires, entry-level management personnel, middle-level management personnel and reserve management personnel to meet the needs of all levels.

3. 員工關懷(續)

3.3 培訓與發展(續)

二零一九年，本集團各公司開展了包含生產培訓、管理技巧、技能培訓等多種培訓活動，為新入職員工、基層管理人員、中層管理人員和後備管理人員等各類員工提供具有針對性的培訓，滿足各個級別的需求。



**Texhong Textile Group:  
Yarn Sales Manager Training Camp**  
天虹集團：紗線銷售經理訓練營



**Texhong Winnitex Vietnam:  
Training on ISO system knowledge  
and internal audit method**  
天虹慶業越南：ISO系統知識、  
內審方法培訓



**Texhong Yinfeng: Department core  
member training**  
天虹銀豐：車間骨干培訓

In 2019, the total training hours of employees of subsidiary operating companies within the scope of the ESG Report were 683,086 hours. The average training hours of employees by employee category are as follows:

二零一九年，本ESG報告範圍內附屬運營公司員工總受訓時數為683,086小時，按僱員類別劃分的員工平均受訓時數如下：

		Average training hours 平均受訓時數
Employee category 僱員類別	Senior/Middle-level management personnel 高層／中層管理人員	20.6
	General management personnel 一般管理人員	29.6
	Front-line employees 一線員工	22.0

### 3. EMPLOYEE CARE (Continued)

#### 3.4 Integrity and self-discipline

The Group strictly complies with the requirements of relevant local laws and regulations, such as the “Company Law of the People’s Republic of China”, “Bidding Law of the People’s Republic of China”, “Anti-Unfair Competition Law of the People’s Republic of China”, and “Interim Provisions on Banning Commercial Bribery”. In order to take forward the work on anti-corruption and anti-bribery, the Group has established an internal control mechanism. The President’s Office was designated as the anti-corruption department responsible for investigating corruption, strengthening supervision and management on key segments and key positions where corruption is frequent and highly likely to ensure the governance of commitment system to prevent commercial bribery, and guiding the management personnel of the Group to act in accordance with the law and consciously resist corruption and malpractices such as deception and fraud. The President’s Office is the only dedicated department authorized by the Group to conduct investigations on corruption, and reports directly to the Chairman of the Board and the President of the Group, thereby guaranteeing the acceptance of report and the independence and objectivity of investigation from the governance structure.

The Group issued a series of anti-corruption policies, including “Texhong Textile Group Anti-Corruption Management Regulations (Trial)”, “Texhong Textile Group’s Integrity and Self-Discipline Incentive Measures (Trial)”, “Texhong Textile Group Whistle-blower Protection and Reward System (Trial)”, “ ‘Texhong Textile Group Whistle-blower Protection and Reward Policy (Trial)’ — Whistle-blowing Guidelines and Requirements for Suppliers and Customers”, requiring employees, suppliers, customers and other partners of Texhong Textile to uphold integrity and honesty, participate in the Group’s integrity management supervision system and actively report violations such as corruption and duty-related crimes. In 2019, there were no legal cases regarding corrupt practices brought against the Group.

In order to create a positive internal and external operating environment, the Group has established a comprehensive anti-corruption mechanism: internally, employees are required to sign an “Undertaking of Business Integrity as an Employee”; externally, all cooperating suppliers are required to sign an “Anti-Commercial Bribery Agreement” in order to combat corruption.

### 3. 員工關懷(續)

#### 3.4 廉潔自律

本集團嚴格遵守當地法律法規，如《中華人民共和國公司法》《中華人民共和國招標投標法》《中華人民共和國反不正當競爭法》和《關於禁止商業賄賂行為的暫行規定》等。為推進反腐敗和賄賂工作，本集團搭建了內控機制，指定總裁辦公室為反貪腐專職部門，負責腐敗行為調查，加強對易發多發腐敗的重點環節、重點部位崗位人員的監督和管理力度，確保治理商業賄賂承諾制，引導集團管理人員依法辦事，自覺抵制欺騙欺詐等消極腐敗現象。總裁辦公室是本集團唯一被授權從事腐敗行為調查的專職部門，直接向本集團董事局主席和總裁匯報，從治理結構上保障了舉報受理和調查工作的獨立性和客觀性。

本集團發佈了一系列反腐敗制度，包括《天虹紡織集團反腐敗管理條例(試行)》《天虹紡織集團廉潔自律獎勵辦法(試行)》《天虹紡織集團舉報人保護和獎勵制度(試行)》《天虹紡織集團舉報人保護和獎勵制度(試行) — 關於供應商及客戶的舉報指引和要求》，要求天虹員工、供應商、客戶及其他合作夥伴廉潔守正，並參與到本集團誠信經營的監督體系中，積極舉報腐敗和職務犯罪等違規行為。二零一九年，本集團未發生貪污訴訟案件。

為營造良好的內外部營運環境，本集團建立了完善的反腐敗機制：對內，要求員工簽訂《員工廉潔從業承諾書》；對外，要求所有合作供應商簽訂《反商業賄賂協議書》，與合作夥伴聯合反腐。



**3. EMPLOYEE CARE (Continued)**

**3.4 Integrity and self-discipline (Continued)**

The Group has specially launched the “HonestTH” module on its official website and announced its internal anti-corruption system and reporting channels such as whistle-blowing hotline, email address, mailing address, online message on the official website and appointment visits to encourage internal and external personnel to report corruption issues. Once the issue is verified, the Group will immediately carry out an investigation and give cash rewards to the whistle-blower or cooperating units. Malicious reporting and false accusation are prohibited.

The Group attaches great importance to the protection of whistleblowers. The President Office prioritizes the confidentiality of reports. There is a strict control system and process for the acceptance and investigation of reports, and the whistle-blower’s personal information and all report materials provided by the whistle-blower are kept strictly confidential. There are also multiple strict measures to protect suppliers, partners, or individuals who report in real names.

In 2019, functional departments, business units and subsidiaries of the Group’s headquarter all organized learning activities on the theme of “HonestTH”. In response to a series of anti-corruption regulations issued by the Group, all subsidiaries organized a series of anti-corruption activities. Taltex (Zhuhai) refined its business ethics code, conducted interviews and exchanges with new suppliers to promote anti-commercial bribery and corruption and required the suppliers to sign the Anti-Commercial Bribery Agreement; improved the system and procedures of internal expense reimbursement and disbursement, held promotion and study sessions on anti-corruption and anti-commercial bribery for management personnel of all departments, and required employees to sign the “Undertaking of Integrity and Anti-corruption as an Employee” etc.

**3. 員工關懷(續)**

**3.4 廉潔自律(續)**

本集團在官網專門開通「廉潔天虹」模塊，公佈內部反腐制度以及舉報電話、電子郵箱、信函地址、官網在線留言和預約來訪等舉報途徑，鼓勵內外部人員舉報腐敗問題。問題一經核實，本集團立即開展調查，並對個人舉報或合作單位給予現金獎勵，同時又禁止惡意舉報和誣告陷害。

本集團注重對舉報人的保護，總裁辦公室將舉報的保密工作放在首位，對於舉報受理和調查有嚴格的管控制度和流程，對舉報人的個人信息及舉報人提供的所有舉報資料均嚴格保密；針對實名舉報的供應商、合作夥伴或個人制定了多重嚴格的保護措施來落實對舉報人的保護。

二零一九年，本集團總部集團總部各職能部門、各業務部、各子公司全面組織開展了「廉潔天虹」的主題學習活動。各子公司積極響應集團下發的一系列反腐規定，組織了一系列反腐倡廉活動。珠海聯業對商業道德規範進行了完善，與新進供貨供應商進行面談會議交流，宣傳反商業賄賂及腐敗，要求其簽署《反商業賄賂協議書》；完善了內部費用報銷與資金支付制度流程，對各部門管理層人員進行反腐敗反商業賄賂宣傳學習會，要求員工簽訂《從業人員廉潔反腐承諾書》等。



**Texhong Textile:**  
**Learning activities on the theme of “HonestTH”**  
天虹集團：「廉潔天虹」的主題學習活動



**Texhong Yinlong: “Professional ethics” training**  
天虹銀龍：「職業道德」培訓

4. GREEN OPERATION

As one of the top 10 most competitive enterprises in China's cotton textile industry, the Group concerns about environmental protection with respect for nature, and considers sincere contribution and service to the society as its corporate mission and fulfils corporate responsibility with wisdom and actions.

In active response to the fundamental national policy of "Environmental protection" and the urge for accelerating the development of a "Conservation-oriented society", the Group has paid close attention to internal environmental management, organized energy management network, clarified the responsibilities of management personnel at all levels, and improved energy quota management and energy inspection, analysis and implementation system. All subsidiaries actively implemented the national laws and regulations as well as internal policies of the Group, revised the system and policies every year, and promoted environmental management and energy conservation and emission reduction to embark on the path of green manufacturing and sustainable development.

4. 綠色運營

作為中國棉紡織行業競爭力前十強企業，本集團注重環保，崇尚自然，並以真誠回饋和服務於社會為企業使命，用智慧和行動展現企業擔當。

本集團積極響應國家「保護環境」的基本國策及加快建設「節約型社會」的要求，狠抓內部環境管理，梳理能耗管理網絡，明確各級管理人員的職責，健全能源定額管理和能源檢查、分析和落實制度；各子公司積極落實各國家法律法規及集團內部制度，每年修訂制度政策，推動環境管理和節能減排工作，走綠色製造、永續發展路線。



The Group and its subsidiaries continuously improve their environmental management system and conduct energy audits regularly to assess the rationality of energy use and tap the potential for improving energy conservation. In 2019, Shandong Texhong obtained the certifications for environmental management system and for energy management system; Texhong Winnitex entered into a contract with a third-party company for energy audit every three years to ensure identify opportunities for energy conservation and select and adopt plans for energy conservation and efficiency enhancement.

本集團及其子公司持續完善環境管理體系，並進行定期能源審計，評估能源利用合理性，挖掘節能改進潛力。二零一九年，山東天虹獲得環境管理體系認證和能源管理體系認證證書；天虹農業與第三方公司簽訂合同，每三年實施一次能源審計，以確定節能機會，選擇並採取節能和提高效率的方案。

## 4. GREEN OPERATION (Continued)

The Group advocates cleaner production and pursues both environmental and economic benefits through means such as reducing pollutant emissions, improving energy efficiency, and reducing material consumption, and has gained recognition from authorities and society. In May and September 2019, Chung Charm Textiles, a subsidiary of the Group, was granted the “Bank of China (Hong Kong) Corporate Environmental Leadership Award” and “Hong Kong- Guangdong Cleaner Production Excellent Partners (Manufacturing)”, in recognition of its contributions to environmental protection and continuous implementation of cleaner production.

### 4.1 Circular economy

Circular economy is a new strategy of economic growth. Developing a circular economy and building a resource-saving enterprise are important parts of the Group’s sustainable development strategy. The Group and its subsidiaries comply with relevant local laws and regulations such as the “Energy Conservation Law of the People’s Republic of China” and “Water Law of the People’s Republic of China”, as well as the Group’s normative documents such as the “Energy Management Implementation Details”, “Measures for Peak-and-trough Electricity Consumption and Management for Management Staff” and “Operation Standard for Cooling Equipment in a Workshop in Summer” to enhance resource management, facilitate integrated use of resources and promote waste recycling, with an aim to become an efficient, conserving and energy-saving pioneer.

#### 4.1.1 Energy management

From the aspect of policies and systems, the Group and its subsidiaries continuously improve their energy management systems and strengthen energy management:

- Establish the energy management policy by installing more energy measure instrument, set energy target and energy consumption standard, and conducting energy efficiency assessment;
- Step up analysis on the efficiency of the energy-consuming equipment in order to enhance their operational efficiency for energy saving;
- Designate management unit and personnel for energy conservation, build a stronger team of energy-saving workers, and strengthen energy-saving training;

## 4. 綠色運營(續)

本集團主張清潔生產，通過減少污染物排放、提高能源利用率、減少物料消耗等手段，追求環境與經濟雙收益，並獲得了權威與社會的認可。二零一九年五月和九月，本集團子公司中滙紡織因其環保方面的貢獻和持續實行清潔生產並獲得顯著成效而分別獲得「中銀香港企業環保領先大獎」和「粵港清潔生產優越伙伴(製造業)」標誌。

### 4.1 循環經濟

循環經濟是一種新型的經濟增長方式，發展循環經濟、建設資源節約型企業是本集團可持續發展戰略的重要部分。本集團及各子公司遵循當地的相關法律法規，如《中華人民共和國節約能源法》《中華人民共和國水法》等及集團《能源管理實施細則》《管理人員峰平谷用電管理考核辦法》《車間夏季降溫設備啟用標準》等規範性文件，加強資源管理，促進資源綜合利用，推動廢棄物循環使用，以使集團成為高效、勤儉和節能的領路人。

#### 4.1.1 能源管理

政策制度層面，本集團及各子公司持續完善能源管理制度，加強能源管理：

- 建立能源管理制度，加強能源計量器具的配置，設立能源目標及能耗標準，並開展能耗指標考核；
- 加強用能設備的效率分析工作，以提高設備運行效率，達到節能降耗的目的；
- 明確節能的管理部門與人員，充實節能工作隊伍，加強節能培訓；

## 4. GREEN OPERATION (Continued)

### 4.1 Circular economy (Continued)

#### 4.1.1 Energy management (Continued)

- Conduct analysis on the energy consumption to identify any insufficiency of our energy management in a timely manner with a view to raising our energy management capacity;
- Intensify monitoring of the quality of parts and components to improve the quality of maintenance and repair. Identify and fix any possible malfunction of equipment in a timely manner to ensure that equipment is always in good technological condition. Actively eliminate energy-inefficient equipment to enhance the energy efficiency.

In 2019, Texhong Yinlian issued the “Reaffirmation of Measures for Peak-and-trough Electricity Consumption and Management for Management Staff”, “Operation Standard for Cooling Equipment in a Workshop in Summer”, “Texhong Yinlian’s Relevant Requirements on Operation of Refrigerating Equipment”, “2019 Texhong Yinlian’s Electricity Consumption Plan to Cut Peak Consumption”, “Requirements to Ensure Proper Operation of a Workshop in Winter”, “Requirements on Leftovers Packaging and On-Site Workshop Management” etc., formulated corresponding energy consumption assessment standards, undertook responsibilities at all levels, linked the quality of energy management and the level of energy consumption to the economic benefits of each employee, and made certain achievements.

## 4. 綠色運營(續)

### 4.1 循環經濟(續)

#### 4.1.1 能源管理(續)

- 開展能源利用狀況分析，及時發現能源管理過程中的不足，提高能源管理水平；
- 嚴格對機配件的質量進行把關，提高維護維修的工作質量；及時發現和排除設備故障隱患，確保設備經常處於良好的技術狀態；積極淘汰高能耗落後設備，以提高能源利用率。

二零一九年，天虹銀聯下發了《重申管理人員峰平谷用電管理考核辦法》《車間夏季降溫設備啟用標準》《天虹銀聯制冷設備開停的有關規定》《2019天虹銀聯公避峰用電方案》《確保車間冬季正常運轉要求》《下腳料打包及車間現場管理要求》等規範性文件，制定了相應的能耗考核標準，落實各級責任，將能源管理的好壞及能源消耗的高低與每個職工的經濟利益相掛鉤，且取得了一定的效果。

4. GREEN OPERATION (Continued)

4.1 Circular economy (Continued)

4.1.1 Energy management (Continued)

*Technical renovation and equipment replacement*

In 2019, the Group and its subsidiaries continued to invest significant resources to promote energy saving by transforming inverter and energy-efficient ventilator, replacing LED light and other means:

- Changzhou Texhong: Cooling towers were refurbished to enhance the efficiency of cooling and reduce waste of cold source and energy consumption of equipment. Air ducts of R&D workshops and damaged air outlets were renovated to ensure air-tightness and smooth air flow. Annual power savings reached 70,000 kWh and 60,000 kWh respectively. Energy-saving motors were installed on inverters of 244 spinning frames, thereby saving 10% of power and the motors were cooled by about 8 degree centigrade;
- Nantong Texhong: 114 inverters were equipped for spinning frames, drawing frames, and air conditioners, and the circuits were remodeled, which greatly saved the annual power;
- Shandong Lanyan Textiles Co., Ltd. ("Shandong Lanyan"): Steamed-heated Yellow River water was replaced by steam condensate for water supply and heating. 70 degree centigrade high temperature condensate was added to the heating system regularly. 340 tonnes of steam consumption was saved.

4. 綠色運營(續)

4.1 循環經濟(續)

4.1.1 能源管理(續)

*技改與設備更新*

二零一九年，集團及各子公司繼續投入大量資源，依靠變頻器改造，節能風機改造、LED燈替換等各種手段助推節能降耗：

- 常州天虹：通過整修冷卻塔，提高制冷效率，降低冷源浪費及設備能耗；對研發車間風道以及破損漏風的出風口進行改造，確保風道密封性，確保送風順暢，年度節電量分別達到7萬度和6萬度；對244台細紗機實施變頻器加節能電機的改造，改造後細紗機節電10%，電機降溫約8度；
- 南通天虹：對細紗機、並條機、空調增配114台變頻器，同時對線路進行改造，大大提高年節電量；
- 山東蘭雁紡織服裝有限公司（「山東蘭雁」）：使用蒸汽冷凝水替代蒸汽加熱黃河水供水取暖，定時補充70度高溫冷凝水補給到公司供暖系統，節約蒸汽用量340噸。



## 4. GREEN OPERATION (Continued)

### 4.1 Circular economy (Continued)

#### 4.1.1 Energy management (Continued)

##### *Green manufacturing system*

In conformity with the trend of green transformation of traditional manufacturing, the Group promotes green manufacturing and reduces energy consumption throughout the product life cycle. In 2019, the Group and its subsidiaries continued to make meaningful attempt to build a green manufacturing system, and achieved certain results.

In 2019, Shandong Texhong issued the “Notice on Establishing a Leading Group for Green Factory Construction”, established the leading group for green factory construction and designated the members of the group and their duty and responsibility targets to carry out daily coordination of green factory. The green factory construction office has formulated the “Green Factory Construction System and Implementation Rules”, detailing responsibility targets and performance evaluation systems to ensure the effective operation of the group. Plans implemented by the green factory mainly includes the following:

- Enhancing awareness of energy conservation and consumption reduction, and increasing advocacy, education and training. Developing and implementing annual advocacy and training plans in environmental protection, energy saving, job skills etc.;
- Strengthening energy saving management and achieving sustainable development. Establishing and improving responsibility system and management system, organizing water balance testing, energy management system, energy-efficiency flat-key monitoring etc. to achieve continuous improvement in energy performance;
- Promoting advanced technology. Optimizing process control parameters, using new raw materials, improving product passing rate, and reducing process energy consumption.

## 4. 綠色運營(續)

### 4.1 循環經濟(續)

#### 4.1.1 能源管理(續)

##### *綠色製造體系*

本集團順應傳統製造業綠色改造趨勢，在產品全生命周期推動綠色製造，降低能耗。二零一九年，本集團及各子公司不斷進行有益探索，構建綠色製造體系，並取得了一定成效。

二零一九年，山東天虹下發《關於成立綠色工廠建設領導小組的通知》，成立了綠色工廠建設領導小組，明確領導小組成員，明晰職責和責任目標，以開展綠色工廠日常協調工作。綠色工廠建設辦公室制定了《綠色工廠建設制度和實施細則》，細化責任目標和績效考核體系，確保小組有效運行。綠色工廠實施以下方案，主要包括：

- 強化節能降耗意識，加強宣傳教育培訓。在環保、節能、崗位技能等方面制定年度宣傳、培訓計劃，並組織實施；
- 強化節能管理，實現可持續發展。建立完善崗位責任制和管理制度，組織水平衡測試、能源管理體系、能效平鍵監測等，實現能源績效持續提升；
- 推進先進工藝技術。優化過程工藝控制參數，實用新型原料，提高產品的合格率，降低過程能源消耗。

4. GREEN OPERATION (Continued)

4.1 Circular economy (Continued)

4.1.1 Energy management (Continued)

Green office practices

In daily operations, the Group advocates green office, truly encourages our employees to practice energy conservation in work and life, and not only evangelizes the practice of energy conservation but also becomes conscientiously active in energy conservation:

- Establish the on/off time for lighting system in office and living areas in different time slots and seasons. Switch off the lighting system when there is sufficient daylight. Switch off the lighting system at appropriate time after use at night;
- Switch off electronic equipment not in use in office areas;
- Implement independent control over circuits for lighting systems and sockets in staff quarter areas etc.

In 2019, the Group and its subsidiaries actively promoted the concept of energy conservation through promotion and education to raise employees' awareness of energy saving. For example, Texhong Yinfeng held an energy-saving promotion week and low-carbon experience day to promote the concept of energy conservation and disseminate energy-saving knowledge.

4.1.2 Water resources management

To become a water-saving enterprise, the Group actively nurtures the culture of water conservation by encouraging employees to develop the water-saving habit:

- Use water saving productions and implement water recycling;
- Turn off taps after use;
- Check the water pipes regularly to avoid water leakage and prevent any unintended use of water;
- Install separate water metres in office, living and production areas and assign dedicated staff to record monthly water consumption and analyze the data collected from each department.

4. 綠色運營(續)

4.1 循環經濟(續)

4.1.1 能源管理(續)

綠色辦公實踐

日常運營中，本集團主張綠色辦公，將節能真正融入到員工日常工作和生活中，使節能實踐變為自覺行動：

- 確定辦公和生活區域內照明各時間段及不同季節的開關時間，白天在光照充足的時 候杜絕使用照明燈，夜間使用照明燈後，及時關閉；
- 辦公區域配備的電器在不使用的情況下，及時關閉電源；
- 分路分時控制宿舍區的照明和插座等線路，等。

二零一九年，本集團及各子公司通過宣傳教育等形式積極傳播節能理念，提高員工節能意識，如天虹銀豐開展節能宣傳周和低碳體驗日活動，傳播節能理念並普及節能知識。

4.1.2 水資源管理

集團積極營造節水氛圍，鼓勵員工養成節水習慣，打造節水型企業：

- 使用節水型產品，實施水資源的重複利用；
- 要求用水完畢後，及時關閉水龍頭；
- 定期檢查水管，避免漏水情況，杜絕長流水現象發生；
- 辦公區、生活區、生產區和施工現場各設獨立水表，由專人負責進行登記，每月根據各部用水量的記錄進行數據分析。

4. GREEN OPERATION (Continued)

4.1 Circular economy (Continued)

4.1.2 Water resources management (Continued)

In 2019, subsidiaries of the Group adopted a range of measures, such as installation of water-saving equipment, technological innovation, self and mutual inspections, training and education, with remarkable results:

- Jiangsu Texhong: Floating ball valves were installed in tanks in air conditioning chambers and 500 cubic meters of water were saved per day. Frequency starters were installed in well pump motors, so that water output could be controlled by the set pressure of the pipe network. In shower rooms, flow reduction control gaskets were installed in shower valves and 30,000 cubic meters of water were saved per year;
- Texhong Yinlian: In order to improve employees' awareness of water saving, the company required each dormitory to sign a letter of responsibility of limited water use with excess to be paid for by the user. The standard of water use in canteens was re-determined, and the excess were borne by themselves. Peak and trough Consumption volume of power and water of the first-line equipment in the workshop were announced daily;
- Texhong Thai Binh Garment Company Limited ("Texhong Thai Binh Garment"): 9 sets of imported laser technology equipment were purchased to save water consumption. Water-saving washing machines were also purchased. 20-30% of water consumption were saved.

4. 綠色運營(續)

4.1 循環經濟(續)

4.1.2 水資源管理(續)

二零一九年，集團各子公司廣泛採取包括安裝節水設備、技術改造、自查互查、培訓教育等措施，效果顯著：

- 江蘇天虹：在各空調室水池補水加裝浮球閥控制，每天節水500立方；在深井泵電機加裝變頻啟動依靠管網設定壓力控制出水量；在浴室淋浴水閥加裝流量減少控制墊片，每年節約用水3萬立方；
- 天虹銀聯：為提高員工節水意識，公司要求每一間宿舍與公司簽訂責任書，固定用水標準，超出部分由員工自己承擔；食堂重新制定用水標準，超出部分由自己承擔；每天公示車間一線設備峰谷期用電及用水等情況；
- 天虹太平服裝有限公司(「天虹太平服裝」)：採購9台進口激光技術設備，節約用水量；採購節水洗衣機，節省20-30%的用水量。



**Texhong Thai Binh Garment:  
laser technology equipment**  
天虹太平服裝：激光技術設備



**Texhong Thai Binh Garment:  
water-saving washing machines**  
天虹太平服裝：節水洗衣機

4. GREEN OPERATION (Continued)

4.1 Circular economy (Continued)

4.1.3 Packaging management

The Group continuously monitors the consumption of packaging materials and recycles and reuses the materials in a reasonable manner to facilitate more efficient use of packaging materials. In 2019, the Group and its subsidiaries continued to explore the possibility of recycling packaging materials and make efforts to reduce consumption.

The following table sets forth the Group's resource consumption in the past three years:

4. 綠色運營(續)

4.1 循環經濟(續)

4.1.3 包裝管理

本集團持續監控包裝材料的用量，對其進行合理的回收與再利用，提高包裝材料使用效率。二零一九年，本集團及子公司繼續挖掘包裝材料循環利用的空間，努力降低消耗量。

下表載列本集團近三年的資源消耗量：

A2 Use of Resources KPIs  
A2 資源使用關鍵績效指標

KPIs 關鍵績效 指標	Specific Indicator 具體指標	2019 二零一九年	2018 二零一八年	2017 二零一七年
A2.1	Energy consumption (MWh) <sup>1</sup> 能源消耗量(兆瓦時) <sup>1</sup>	2,057,828	1,693,089	1,591,916
	Energy intensity (MWh/RMB million sales) 能源密度(兆瓦時/百萬元人民幣銷售額)	93.5	88.4	97.6
A2.2	Water consumption (tonne) 用水量(噸)	10,280,314	12,473,850	8,651,940
	Water intensity (tonne/RMB million sales) 用水密度(噸/百萬元人民幣銷售額)	467.2	651.2	530.6
A2.5	Packaging material (tonne) 包裝材料(噸)	27,988	28,396	14,002
	Intensity of packaging material used (tonne/RMB million sales) 包裝材料使用密度(噸/百萬元人民幣銷售額)	1.3	1.5	1.0

Note:

- The total energy consumption of the Group was calculated based on the use of natural gas, gasoline, diesel, and purchased electricity, and the "Requirements of the greenhouse gas emissions accounting and reporting — Part 12: Textile and garment Enterprises" GB/T 32151.12-2018 Appendix B Table B.1 Calculation of recommended values for common fuel related parameters published by the National Development and Reform Commission.

附註：

- 本集團能源消耗總量根據天然氣、汽油、柴油及外購電的使用量，以及國家發展和改革委員會發佈的《溫室氣體排放核算與報告要求第12部分：紡織服裝企業》GB/T 32151.12-2018附表B表B.1常用燃料相關參數的推薦值計算。

## 4. GREEN OPERATION (Continued)

### 4.2 Cleaner production

Developing cleaner production and promoting green operations are important issues related to human living environment. The Group and its subsidiaries actively adopt emission reduction measures and strictly comply with the requirements of relevant local laws and regulations, such as the “Environmental Protection Law of the People’s Republic of China”, “Water Pollution Prevention and Control Law of the People’s Republic of China” and “Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste” to strengthen prevention from the source, process control and terminal treatment and reduce environmental impacts arising from pollutants such as production effluent and domestic sewage, exhaust and wastes.

In 2019, Texhong Yinlian and Nantong Texhong met the provincial and municipal “Cleaner production” testing standards respectively.

#### 4.2.1 Effluent

The Group requires separate treatment for production effluent and domestic sewage:

- Production effluent is reused or, if not reusable, directly discharged to the sewage pipeline of factory zone and discharged up to standard after passing through the sewage treatment device;
- Processed by the biological treatment system of the factory zone, domestic sewage will meet the first grade emission standard and be transported to the municipal wastewater treatment system through the sewage pipeline of the factory zone.

## 4. 綠色運營(續)

### 4.2 清潔生產

發展清潔生產、推動綠色運營，是關乎人類生存環境的重要議題。本集團及各子公司積極採取減排措施，嚴格遵守當地的相關法律法規，如《中華人民共和國環境保護法》《中華人民共和國水污染防治法》和《中華人民共和國固體廢物污染環境防治法》等規定，加強源頭預防、過程控制與末端處理，減少集團生產廢水和生活污水、廢氣和廢棄物等排放物所帶來的環境影響。

二零一九年，天虹銀聯和南通天虹分別達到省級和市級「清潔生產」檢測標準。

#### 4.2.1 廢水

本集團要求對生產廢水和生活污水進行分別處理：

- 生產廢水循環使用，不能循環使用的直接排入廠區內的污水管道，並經過污水處理裝置後達標排放；
- 生活污水經廠區內的生化處理裝置生化處理後，達一級排放標準後排入廠區污水管道，最終進入市政污水管網統一處理。



4. GREEN OPERATION (Continued)

4.2 Cleaner production (Continued)

4.2.1 Effluent (Continued)

In 2019, the Group and its subsidiaries took a number of measures such as comprehensive inspection and facility renovation to reduce effluent discharge:

- Texhong Yinfeng: A comprehensive inspection of the rain and sewage pipe network in the factory area was undertaken to stop and prevent leakage and ensure strict separation of rain and sewage and up-to-standard discharge of sewage. Water supply pipes for production and daily life of the whole factory were renovated, and pipe network of the water supply system for toilet flushing and fire sprinklers of the whole factory were also renovated to use air-conditioning backwater, which was also applied for green spaces in the factory, thereby greatly reducing the discharge of sewage;
- Shandong Texhong: Internal environmental protection facilities and emission testing items were increased. Maintenance and replacement cycle of pollution control equipment were shortened, which effectively reduced emissions.

4.2.2 Exhaust

The Group primarily produces fiber dusts and boiler exhaust in production process. To minimize the negative environmental impact of fiber dusts, the Group requires workshops to close windows during production for close operation. The Group installs dust removal units in every workshop to handle fiber dusts to reduce exhaust emission.

In 2019, subsidiaries of the Group actively worked on technical renovation projects and equipment replacement:

- Shandong Lanyan: New facilities such as collection hoods, water spray towers, and high-power fans were added to the finishing workshop. Fugitive emission of exhaust gas from the scorching and brushing process was changed to emission from the usual sources;
- Taltex (Zhuhai): "Coal to gas" project was implemented. Emissions of SO<sub>2</sub>, NO<sub>x</sub> and particulates reduced by 48 tonnes, 34 tonnes and 4.8 tonnes per year, respectively.

4. 綠色運營(續)

4.2 清潔生產(續)

4.2.1 廢水(續)

二零一九年，本集團及各子公司採取全面排查、設施改造等多項措施，減少廢水排放：

- 天虹銀豐：對廠區的雨、污管網進行全面排查工作，堵漏、防漏，確保雨污嚴格分流和污水達標排放；對全廠生產及生活供水管道進行改造，對全廠衛生間沖水、消防噴淋用水系統進行管網改造，改用空調回水，廠區綠化用水也全部使用空調回水，大大減少了污水的排放量；
- 山東天虹：增加內部環保設施、排放物檢測項目、縮短治污設備保養及更換周期，有效減少排放物。

4.2.2 廢氣

本集團在生產過程中產生的廢氣主要為纖維粉塵和鍋爐廢氣。為避免纖維粉塵對環境帶來不利影響，集團要求車間生產時段不得對外開啟門窗，做到封閉作業。本集團還在各車間安裝除塵機組淨化處理纖維粉塵，減少廢氣的排放。

二零一九年，集團各子公司積極開展技改項目和設備換新：

- 山東蘭雁：對後整理車間新增收集罩、水噴淋塔、大功率風機等設施；燒毛、刷毛工藝排放的廢氣實現了從無組織排放到有組織排放的改變；
- 珠海聯業：實施「煤改氣」項目，年減排二氧化硫48噸、氮氧化物34噸、顆粒物4.8噸。

## 4. GREEN OPERATION (Continued)

### 4.2 Cleaner production (Continued)

#### 4.2.3 Greenhouse Gases

The Group is well aware that the textile industry is an important part of industries, and textile enterprises play an important role in tackling climate change. The Group supports the green and low-carbon circular development model. Through green technological innovation, recycling of resources, and use of environmentally-friendly raw materials, the Group addresses climate change in all aspects of production and operation, so as to promote a positive interaction between ecology and industry development.

The Group primarily produces greenhouse gases due to energy consumption in the production process, which include Scope 1: direct emissions (petrol, diesel oil and natural gas) and Scope 2: Energy indirect emissions (electricity). The Group actively adopts energy-saving measures to reduce energy consumption and adopts clean energy and photovoltaic power generation for the purpose of reducing greenhouse gas emission.

#### 4.2.4 Waste

The Group primarily produces waste cotton, office and domestic waste, waste equipment parts and components and oily waste yarns in the production process. The Group has prepared notices such as “Notice on Enhancing Customized Placement of Rubbish Bin and Classified Management” and “Notice on Enhancing Management and Classified Deposit of Industrial Waste and Domestic Waste”, bringing classified management of domestic waste and industrial waste into the scope of enterprise management and requiring classified collection of the abovementioned solid waste. According to these documents, the Group separated the said solid waste and stores such waste by category in the temporary deposit zone of factory where a banner is hanged and category, volume and storage period are displayed. Waste from the production process, such as cotton waste, can be reused as raw material, while the remaining scrap cotton and impurities are collected for sale and integrated use. For dangerous waste produced by the Group, these waste will undergo a detoxification treatment by a competent organization and general waste collection will be handled by the local collection authority.

## 4. 綠色運營(續)

### 4.2 清潔生產(續)

#### 4.2.3 溫室氣體

本集團深知，紡織業是工業的重要組成部分，紡織企業在應對氣候變化中扮演著重要角色。集團支持綠色低碳循環發展模式，通過綠色技術創新、資源循環利用、採用環保原料等手段，將應對氣候變化落實到生產經營的方方面面，以推動生態與行業發展的良性互動格局。

本集團的溫室氣體排放主要源於生產過程的能源消耗，包括範疇一：直接排放(汽油、柴油和天然氣)和範疇二：能源間接排放(電)。本集團採取積極的節能減排措施，減少能源消耗，使用清潔能源和光伏發電，以達到減少溫室氣體排放的目的。

#### 4.2.4 廢棄物

本集團生產過程中主要產生的廢棄物為廢棉、辦公和生活垃圾、設備廢零部件和含油廢棉紗。集團制定了《關於加強垃圾桶定制定位和分類管理的通知》和《關於加強工業垃圾、生活垃圾管理和歸類放置的通知》等文件，將生活垃圾和工業垃圾分類管理納入企業管理範疇，要求對上述固體廢物進行分類收集，按照類別存放在廠內臨時暫存點，並在暫存點豎立標識，標明種類、數量及存放時期。生產過程中產生的回花等廢料可回用作為項目原料，剩餘的廢棉和雜質經收集後進行外售綜合利用；危險廢棄物按照要求委託有資質的單位進行無害化處理；生活垃圾等一般固體廢棄物由環衛處統一進行處理。

4. GREEN OPERATION (Continued)

4.2 Cleaner production (Continued)

4.2.4 Waste (Continued)

In 2019, subsidiaries of the Group reduced waste generation through measures such as reduction of consumables, production process modification, facility renovation, promotion and training to employees:

- Shandong Texhong: Under the project of waste woven bag recycling, woven bags with cone yarn were recycled and reused on side yarns, so as to save materials. Used gears were recycled and reprocessed, which reduced materials consumption by 1/4. By installing pre-spinning carding machines, production rate of raw materials was increased while consumption of raw materials was reduced by 1.5%;
- Texhong Winnitex Vietnam: Separate collection waste chambers, including domestic waste areas, industrial waste areas, poisonous waste areas and scrap material areas, were built. With the re-established waste management system, waste including packaging materials are classified for disposal, and plastic packaging barrels, cartons, paper tubes and PE packaging film are recycled for use.

4. 綠色運營(續)

4.2 清潔生產(續)

4.2.4 廢棄物(續)

二零一九年，本集團各子公司通過減少耗材、工藝改造、設施更新、員工宣傳培訓等措施，減少廢物產生：

- 山東天虹：開展廢舊編織袋回用項目，回倒筒紗的編織袋，放在邊紗上重新使用，達到節約機物料的目的；將廢舊齒輪回收利用重新加工，以達到減少1/4機物料消耗；通過安裝使用前紡梳棉打樣機，提高原料製成率，減少1.5%的原料使用；
- 天虹慶業越南：新建分類收集垃圾房，包括生活垃圾區、工業垃圾區、毒害垃圾區以及廢料區；重新制定垃圾管理制度，對包括包裝材料在內的垃圾進行分類處置，對包裝塑料桶、紙箱、紙管及PE包裝膜等進行回收再利用。



Shandong Texhong: Reuse of raw materials  
山東天虹：原料重複利用



Texhong Winnitex Vietnam: Waste classification  
天虹慶業越南：垃圾分類

4. GREEN OPERATION (Continued)

4.2 Cleaner production (Continued)

4.2.4 Waste (Continued)

The following table sets out the emission data of the Group in the past three years:

4. 綠色運營(續)

4.2 清潔生產(續)

4.2.4 廢棄物(續)

下表載列本集團近三年的排放物數據：

A1 Emissions KPIs  
A1 排放物關鍵績效指標

KPIs	Specific Indicator	2019	2018	2017
關鍵績效 指標	具體指標	二零一九年	二零一八年	二零一七年
A1.1	Effluent discharge (tonne)			
	廢水排放量(噸)	8,431,407	8,760,656	6,614,207
	Effluent discharge intensity (tonne/RMB million sales)			
	廢水排放密度(噸/百萬元人民幣銷售額)	383.2	457.3	405.6
A1.2	Greenhouse gas emission (tonne) <sup>1</sup>			
	溫室氣體排放總量(噸二氧化碳當量) <sup>1</sup>	1,502,785	1,272,418	1,219,903
	Scope 1: direct emissions (tCO <sub>2</sub> e)			
	範疇一：直接排放(噸二氧化碳當量)	26,877	—	—
	Scope 2: Energy indirect emissions (tCO <sub>2</sub> e)			
	範疇二：能源間接排放(噸二氧化碳當量)	1,475,908	—	—
	Greenhouse gas emission intensity (tCO <sub>2</sub> e/RMB million sales)			
	溫室氣體排放密度(噸二氧化碳當量/百萬元人民幣銷售額)	68.3	66.4	74.8
A1.3	Hazardous waste discharge (tonne)			
	有害廢棄物排放量(噸)	12,348	6,630	4,850
	Hazardous waste discharge intensity (tonne/RMB million sales)			
	有害廢棄物排放密度(噸/百萬元人民幣銷售額)	0.6	0.3	0.3
A1.4	Non-hazardous waste discharge (tonne)			
	無害廢棄物排放量(噸)	14,808	13,035	7,722
	Non-hazardous waste discharge intensity (tonne/RMB million sales)			
	無害廢棄物排放密度(噸/百萬元人民幣銷售額)	0.7	0.7	0.5

Notes:

- Calculations of greenhouse gas of the Group are presented in tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e) and audited in accordance with the "Requirements of the greenhouse gas emissions accounting and reporting — Part 12: Textile and garment Enterprises" GB/T 32151.12-2018 published by the National Development and Reform Commission.
- The Group's operation has no significant impact on the environment and natural resources. Therefore, Aspect A3 (Environment and Natural Resources) and its KPI A3.1 (Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them) are not applicable to the Group and are not disclosed in this ESG report.

附註：

- 本集團的溫室氣體核算按二氧化碳當量呈列，並依據國家發展和改革委員會發佈的《溫室氣體排放核算與報告要求第12部分：紡織服裝企業》GB/T 32151.12-2018進行核算。
- 本集團在經營過程中對環境及天然資源無重大影響，因此，層面A3(環境及天然資源)及其關鍵績效指標A3.1(描述業務活動對環境及天然資源的重大影響及已採取管理有關影響的行動)對於集團不適用，故本ESG報告中不披露。

### 5. JOINT DEVELOPMENT OF HARMONY

The Group has been committed to giving back to society over the years. For instance, we acquired bankrupt cotton textile enterprises in the People's Republic of China and offered better remuneration package and living security for retained staff. In response to state policy of "One Belt One Road" initiative, we proactively implemented industrial support in Xinjiang by recruiting ethnic minority employees in order to improve their living quality with job and education opportunities. Being enthusiastic in social welfare, we made donations every year and hired disabled employees so that they can support themselves financially. The Group established the "Charity and Social Welfare Management System of Texhong Textile Group" for organizing charity and welfare activities.

#### Fighting the epidemic

Since the outbreak of COVID-19, the Group has actively assisted in the fight against the epidemic and fulfilled its corporate social responsibility. In February 2020, the Group donated RMB5 million through the charity federation of Jiangsu, Shandong and Xinjiang for the purchase of supplies for epidemic prevention and control. Shandong Lanyan sped up its production of more than 20,000 protective isolation suits and more than 30,000 protective isolation caps to support epidemic prevention and control work of local governments so as to provide protection for the safety of epidemic prevention personnel.

#### School-enterprise cooperation

In April 2019, the Group and Yancheng Vocational College of Industry and Technology (鹽城工業職業技術學院) entered into "School-enterprise international strategic cooperation" to strengthen cooperation with higher education institutes in scientific research application, cooperative education and other aspects, and provide more professional scientific research talents for the society.

#### Charitable donation

In 2019, Texhong Times donated RMB4.0 million to Nantong University Education Development Foundation.

#### Cares for Underprivileged Groups

In 2019, Texhong Renze actively participated in a series of public welfare activities organized by the local government, such as: Martyr and Wounded Soldiers Fund (烈士傷兵基金), Agent Orange Victims Fund (橙劑受難者基金), donation activities for poor families, and helping local poor communities build new rural projects. During Mid-autumn Festival, Texhong Renze and Labour Union distributed moon-cakes to the poverty-stricken children in Longshou Community of Renze County (仁澤縣龍壽社) and institutes for visually impaired children and orphanages in Fulin (福林).

#### Volunteer Services

In May 2019, employees from Texhong Yinlong participated in unpaid blood donation.

### 5. 和諧共建

本集團多年來一直專注於回饋社會，如收購國家破產棉紡企業，提供原職工更好的工資待遇和生活保障；積極響應國家「一帶一路」政策號召，實行產業援疆，積極招錄少數民族員工，解決其就業與學習問題，提升其生活品質；熱心社會公益，除每年的捐款以外，還錄用殘疾員工幫助其自食其力。本集團制定了《天虹紡織集團慈善與公益管理制度》，專責策劃各項慈善和公益活動。

#### 抗擊疫情

自新型冠狀病毒肺炎疫情爆發以來，本集團積極馳援抗疫，踐行企業社會責任。2020年2月，本集團通過江蘇、山東和新疆三地慈善總會定向捐贈人民幣500萬元用於購買新型冠狀病毒肺炎疫情防控物資。山東蘭雁趕制兩萬餘件防護隔離服及三萬多頂防護隔離帽支援地方政府機構疫情防控工作，為防疫人員的安全防護保駕護航。

#### 校企合作

二零一九年四月，本集團與鹽城工業職業技術學院達成「校企國際戰略合作」，與高等院校在科研申報、合作辦學等方面加強合作，為社會輸送更多專業科研人才。

#### 慈善捐贈

二零一九年，天虹時代為南通大學教育發展基金會捐款人民幣400萬元。

#### 關愛弱勢群體

二零一九年，天虹仁澤積極參加當地政府組織的系列公益活動，如：烈士傷兵基金、橙劑受難者基金、貧困家庭捐款活動、幫助當地貧困社建設新農村項目等。中秋之際，天虹仁澤和工會組織向仁澤縣龍壽社、兒童盲人所及社裡的貧困孩童、福林孤兒院贈送中秋月餅。

#### 志願服務

二零一九年五月，天虹銀龍組織員工無償獻血社會活動。



## 5. JOINT DEVELOPMENT OF HARMONY (Continued) Environmental Promotion

In March 2019, more than 200 employees from Shandong Texhong participated in the spring tree plantation festival and planted more than 400 plane-trees;

In March 2019, employees from Teltex (Zhuhai) participated in a tree planting activity in the Fushan Industrial Park (富山工業園).

## 5. 和諧共建(續) 環保宣傳

二零一九年三月，山東天虹組織兩百多名員工參加春季植樹節活動，共栽種法桐樹木四百多棵；

二零一九年三月，珠海聯業組織員工參加富山工業園的植樹節活動。



**Texhong Textile Group:  
School-enterprise international  
strategic cooperation**  
天虹集團：校企國際戰略合作



**Texhong Renze:  
Orphanage care activity**  
天虹仁澤：孤兒院關愛活動



**Taltex (Zhuhai):  
Spring plantation festival**  
珠海聯業：春季植樹節活動

### Overseas Charity

While maintaining stable production and enhancing management standard since its establishment, Texhong Galaxy has devoted itself to public affair and education. The company has provided scholarships to schools such as Quang Ninh University of Industry, Hanoi Industrial Textile Garment University, Hue University College of Foreign Languages and Hanoi University of Industry. Texhong Galaxy sponsored VND22,000,000 for the undergraduate technology innovation competition of Quang Ninh University of Industry, the scholarship of Hanoi Industrial Textile Garment University, school sports day of Quang Ha High School and school football match of Hai Ha Duong Hoa High School.

In 2019, as always, Texhong Yinlong supported the local education in Vietnam and made donation for competition fund and scholarship to Quang Ninh University of Industry and Hanoi University of Technology.

### 海外公益

天虹銀河自成立以來，在穩定生產、提高自身管理水平的同時，還致力於各項公共事業、教育事業，公司給廣寧工業大學、河內紡織服裝工業大學、太原外語大學、順化外國語大學、河內工業大學等學校資助獎學金。天虹銀河出資贊助廣寧工業大學大學生技術創新比賽、河內紡織服裝工業大學獎學金、廣河高中學校運動會及海河唐花崗高中學校足球比賽，合計2,200萬越盾。

二零一九年，天虹銀龍一如既往地支持越南當地的教育事業，陸續給廣寧工業大學、河內百科大學捐款作為競賽基金和獎學金。

**5. JOINT DEVELOPMENT OF HARMONY (Continued)**  
**Overseas Charity (Continued)**

Texhong Renze sponsored VND60,000,000 for “TEXHONG Scholarship” of the Department of Chinese Language of Ho Chi Minh City University of Pedagogy and the Department of Chinese Language of Hue University College of Foreign Languages. Texhong Renze also provided bases for visiting, exchanges and internship for students from Ho Chi Minh City University of Pedagogy, Hue University College of Foreign Languages, The Second Industrial University of Ho Chi Minh City, Ho Chi Minh City University of Technical Education and University of Technology.

In November 2019, Texhong Winnitex Vietnam sponsored VND2,000,000 for the football match of Duong Hoa High School.

**5. 和諧共建(續)**  
**海外公益(續)**

天虹仁澤贊助6,000萬越盾作為胡志明市師範大學中文系及順化外國語大學中文系的「TEXHONG獎學金」。天虹仁澤還為胡志明市師範大學、順化外國語大學、胡志明市第二工業大學、胡志明市師範技術大學、百科大學的學生提供參觀交流、實習基地。

二零一九年十一月，天虹慶業越南為唐化鋼高中學校的足球比賽贊助200萬越盾。



**Texhong Renze:**  
**Visiting and exchange from Ho Chi Minh City University of Technical Education**  
天虹仁澤：胡志明市師範技術大學參觀交流



**Texhong Winnitex Vietnam:**  
**Sponsorship for football match**  
天虹慶業越南：贊助足球比賽活動

# 獨立核數師報告

## INDEPENDENT AUDITOR'S REPORT



羅兵咸永道

To the Shareholders of Texhong Textile Group Limited  
(incorporated in the Cayman Islands with limited liability)

致天虹紡織集團有限公司全體股東  
(於開曼群島註冊成立的有限公司)

### OPINION

#### What we have audited

The consolidated financial statements of Texhong Textile Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 130 to 248, which comprise:

- the consolidated balance sheet as at 31 December 2019;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

#### Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### 意見

本核數師(以下簡稱「我們」)已審核:

列載於第130至248頁天虹紡織集團有限公司(「貴公司」)及其附屬公司(「貴集團」)的綜合財務報表,此綜合財務報表包括:

- 於二零一九年十二月三十一日的綜合資產負債表;
- 截至該日止年度的綜合收益表;
- 截至該日止年度的綜合全面收益表;
- 截至該日止年度的綜合權益變動表;
- 截至該日止年度的綜合現金流量表;及
- 綜合財務報表附註,其中包括重要會計政策摘要。

#### 我們的意見

我們認為,綜合財務報表已根據香港會計師公會(「香港會計師公會」)頒佈的香港財務報告準則(「香港財務報告準則」)真實而公平地反映貴集團於二零一九年十二月三十一日的綜合財務狀況及其截至該日止年度的綜合財務表現及綜合現金流量,並已按照香港公司條例的披露規定妥為編製。

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# 獨立核數師報告 INDEPENDENT AUDITOR'S REPORT



羅兵咸永道

## BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of this report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Independence

We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code.

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## 意見基準

我們已根據香港會計師公會頒佈的香港審計準則(「香港審計準則」)進行審核。我們於該等準則下的責任於本報告的核數師就審核綜合財務報表須承擔的責任一節內詳述。

我們相信，我們所獲得的審核憑證能充分和適當地為我們的意見提供基礎。

## 獨立性

根據香港會計師公會的「專業會計師道德守則」(「守則」)我們獨立於貴集團，並已遵循守則履行其他道德責任。

## 關鍵審核事項

根據我們的專業判斷，關鍵審核事項為我們審核於本期間的綜合財務報表中最重要的事項。我們在審核整體綜合財務報表及就此達致意見時處理此等事項，而不會就此等事項單獨發表意見。



Key audit matters identified in our audit are summarised as follows: 我們在審核中識別出關鍵審核事項概述如下：

- Revenue recognition: Sales of goods
- Business combinations
- 收入確認：商品銷售
- 業務合併

**Key Audit Matter**

**關鍵審核事項**

**How our audit addressed the Key Audit Matter**

**我們在審核中的處理關鍵審核事項的方法**

**Revenue recognition: Sales of goods**

**收入確認：商品銷售**

*Refer to Note 2.28 to the consolidated financial statements*

請參閱綜合財務報表附註2.28

During the year ended 31 December 2019, the Group recognised RMB22,002,943,000 of revenue from sales of goods.

於截至二零一九年十二月三十一日止年度，貴集團已確認商品銷售收入為人民幣22,002,943,000元。

Revenue is recognised when control of the underlying products has been transferred to the customers.

收入於相關產品的風險及回報已轉嫁予客戶時確認。

We focused on this area due to the high volume of sales generated in various locations and from decentralised customers, and thus significant audit time and resources were devoted in this area, in particular relating to the occurrence, accuracy and timely recording of such transactions.

由於自不同地區及分散的客戶產生巨額銷售，故我們著重此方面，並投入大量審核時間與資源到此領域中，尤其是與有關交易的發生、準確性及及時記錄相關的事宜。

We understood, evaluated and validated management's controls in respect of the Group's process to recognise sales transactions, including contract approval, recording of sales based on contract terms, and reconciliations with cash receipts and customers' records.

我們就貴集團確認銷售交易之控制權之程序，包括合約批准、記錄按合約條款之銷售及已收現及客戶記錄對賬，理解、評估及核實管理層。

We tested the revenue derived from different customers and different locations for selected samples by examination of the sales contracts, invoices and goods delivery notes to revenue recorded. We compared the delivery dates based on delivery notes with the timing of revenue recognition, and we also examined transactions which occurred immediately before and after the balance sheet date for their recording as revenue in the proper periods.

透過檢查銷售合約、發票及已記賬收入之送貨記錄，我們按經挑選的樣本測試不同客戶及不同地點產生的收入。我們根據送貨記錄比較送貨日期與確認收入時間，我們亦檢查緊接其於適當期間列賬為收益的結算日前及緊隨其後進行的交易。

Based on our audit procedures, we found the Group's revenue recognition in relation to sales of goods was supported by the relevant evidence that we gathered.

基於審核程序，我們發現貴集團關於商品銷售的收入確認得到所收集相關證據支持。





**Key Audit Matter**  
關鍵審核事項

**How our audit addressed the Key Audit Matter**  
我們在審核中的處理關鍵審核事項的方法

**Business combinations**  
業務合併

*Refer to Note 2.3.1 and Note 35 to the consolidated financial statements*  
請參閱綜合財務報表附註2.3.1及附註35

On 1 April 2019, the Group acquired and eventually held the 80% interests of bundled companies from Winnitex Group Limited and Winnitex China Holdings Limited (the "Vendors"). The Group firstly acquired the 100% interests of Winnitex Holdings Limited, Winnitex Limited and Zhejiang Qing Mao Weaving, Dyeing & Printing Co., Ltd. (the "Target Group") from the Vendors for a total consideration of RMB1,122,940,000 and then contributed the Target Group, together with the injection of the garment fabric business in Vietnam and Nicaragua of the Group into the enlarged garment fabric business (the "Enlarged Garment Fabric Business") held by Texhong Winnitex Holdings Limited ("Texhong Winnitex"). In the meantime, the Vendors injected capital of RMB416,165,000 into Texhong Winnitex to acquire the 20% interests of the Enlarged Garment Fabric Business. As a result, the Group recognized a negative goodwill of RMB209,019,000 as a gain.

於二零一九年四月一日，本集團向 Winnitex Group Limited 及慶業中國控股有限公司（「賣方」）收購及最終持有一組公司的 80% 權益。貴集團首先以人民幣 1,122,940,000 元之總代價向賣方收購慶業控股有限公司、慶業有限公司及浙江慶茂紡織印染有限公司（「目標集團」）的全部權益，且其後將目標集團連同已協定之貴集團越南及尼加拉瓜面料業務併入由天虹慶業控股有限公司（「天虹慶業」）持有之擴大面料業務（「擴大面料業務」）。同時，賣方向天虹慶業注入人民幣 416,165,000 元資金以收購擴大面料業務之 20% 權益，導致貴集團確認負商譽所得收益人民幣 209,019,000 元。

Management relied on external independent valuer to value significant tangible and intangible assets acquired in these business combinations. Therefore, we assessed the competency, objectivity and capabilities of the external valuer.

管理層倚賴外部獨立估值師對該等業務合併中收購的重大有形及無形資產進行估值。因此，我們已評估外部估值師的勝任能力、客觀程度及能力。

We challenged management's assessment of the appropriate accounting treatment, the identification and valuation of tangible and intangible assets and the allocation of consideration for the acquisition to the assets and liabilities acquired. We tested the mathematical accuracy of the Group's valuation model.

我們已質詢管理層對適當會計處理、識別有形及無形資產及其估值及將收購代價分配予所收購的資產及負債。我們已測試貴集團估值模型的算術準確度。

We involved our own valuation specialists to assist us in critically assessing the key assumptions in the valuation of the identified tangible and intangible assets, including the appropriateness of the valuation methodologies and the key valuation parameters, by reference to market practices.

我們使用本身的估值專家協助我們參考市場慣例嚴格評估已識別有形及無形資產的估值的關鍵假設，包括估值方法及關鍵估值參數。



**Key Audit Matter**

**關鍵審核事項**

We focused on this area due to the significant amount of negative goodwill recognized from the acquisition and in determining the accounting treatment for the acquisition, the acquired intangible and tangible assets need to be valued and the acquisition consideration needs to be allocated to the assets and liabilities being acquired, which involves a number of significant judgements and assumptions.

我們著重此方面，因為就收購確認重大金額的負商譽及釐定收購的會計處理、需要估值的已收購無形及有形資產及需要分配予所收購之資產及負債的收購代價，涉及多項重大判斷及假設。

**OTHER INFORMATION**

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the 2019 annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**How our audit addressed the Key Audit Matter**

**我們在審核中的處理關鍵審核事項的方法**

We challenged management's key assumptions within the model and compared these key assumptions to externally derived data.

我們質詢管理層的在模型內的關鍵假設，並將該等關鍵假設與外部取得的數據比較。

We have also considered the adequacy of the Group's disclosures in respect of the business combinations in Note 35 to the consolidated financial statements.

我們亦已考慮貴集團於綜合財務報表附註35關於業務合併的披露是否充份。

Based on our audit procedures, we found the Group's accounting treatment for the business combinations and the Group's disclosures in respect of the business combinations in Note 35 were supported by the relevant evidence that we gathered.

根據我們的審核程序，我們發現貴集團就業務合併的會計處理及貴集團在附註35就業務合併的披露獲我們收集的相關憑證支持。

**其他資料**

貴公司董事須對其他資料承擔責任。其他資料包括載於二零一九年年報的所有資料(惟不包括綜合財務報表及我們的核數師報告)。

我們對綜合財務報表作出的意見並無涵蓋其他資料，而我們不會並對其他資料發表任何形式的核證結論。

就我們審核綜合財務報表而言，我們的責任為閱讀其他資料，從而考慮其他資料是否與綜合財務報表或我們在審核過程中獲悉的資料存在重大不符，或似乎存在重大錯誤陳述。

倘若我們基於對我們進行的工作認為其他資料出現重大錯誤陳述，我們須報告有關事實。就此，我們毋須作出報告。

# 獨立核數師報告 INDEPENDENT AUDITOR'S REPORT



羅兵咸永道

## RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting process.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

## 董事及審核委員會就綜合財務報表須承擔的責任

貴公司董事須負責根據香港會計師公會頒佈的香港財務報告準則及按照香港公司條例的披露規定，編製真實而公平的綜合財務報表，以及董事釐定屬必要的內部監控，以使編製的綜合財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述。

在編製綜合財務報表時，董事須負責評估 貴集團持續經營的能力，並披露與持續經營有關的事項（如適用）及採用以持續經營為基礎的會計法，除非董事擬將貴集團清盤或停止營運，或除此之外並無其他實際可行的辦法則作別論。

審核委員會負責監督 貴集團的財務報告流程。

## 核數師就審核綜合財務報表須承擔的責任

我們的目標為合理確定綜合財務報表整體而言不會存在由於欺詐或錯誤而導致的重大錯誤陳述，並發出載有我們意見的核數師報告。我們僅向閣下（作為整體）報告，除此以外本報告別無其他目的。我們不會就本報告的內容向任何其他人士負上或承擔任何責任。

合理確定屬高層次的核證，惟根據香港審計準則進行的審核工作不能保證總能察覺所存在的重大錯誤陳述。錯誤陳述可因欺詐或錯誤產生，倘個別或整體在合理預期情況下可影響使用者根據綜合財務報表作出的經濟決定時，則被視為重大錯誤陳述。

# 獨立核數師報告 INDEPENDENT AUDITOR'S REPORT



羅兵咸永道

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

根據香港審計準則進行審計的過程中，我們運用專業判斷，保持專業懷疑態度。我們亦：

- 識別及評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險、設計及執行審計程序以應對該等風險，以及獲取充足和適當的審計憑證，作為我們意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述或凌駕內部監控的情況，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。
- 了解與審計相關的內部監控，以設計適當的審計程序，惟並非旨在對貴集團內部監控的有效性發表意見。
- 評估董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。
- 對董事採用持續經營會計基礎的恰當性作出結論，並根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對貴集團的持續經營能力產生重大疑慮。倘我們認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露。倘有關披露不足，則修訂我們意見。我們結論乃基於截至核數師報告日期止所取得的審計憑證。然而，未來事項或情況可能導致貴集團無法持續經營。
- 評估綜合財務報表的整體呈報方式、結構及內容，包括披露資料，以及綜合財務報表是否中肯反映相關交易和事項。
- 就貴集團內主體或業務活動的財務資料獲取充足及適當的審計憑證，以便對綜合財務報表發表意見。我們負責集團審計的方向、監督和執行。我們為審核意見承擔全部責任。

# 獨立核數師報告 INDEPENDENT AUDITOR'S REPORT



羅兵咸永道

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Arthur Chi Ping Kwok.

我們與審核委員會就(其中包括)審計的計劃範圍、時間安排及重大審計發現溝通,該等發現包括我們在審計過程中識別的內部監控的任何重大缺失。

我們亦向審核委員會作出聲明,指出我們已符合有關獨立性的相關道德要求,並與彼等溝通可能被合理認為會影響我們獨立性的所有關係及其他事宜,以及相關防範措施(如適用)。

從與審核委員會溝通的事項中,我們釐定對本期間綜合財務報表的審計至關重要的事項,因而構成關鍵審核事項。我們在核數師報告中描述該等事項,除非法律或法規不允許公開披露該等事項,或在極端罕見的情況下,倘合理預期在我們報告中溝通某事項造成的負面後果超出產生的公眾利益,則我們決定不應在報告中傳達該事項。

出具本獨立核數師報告的審計合夥人為郭志平。

**PricewaterhouseCoopers**  
*Certified Public Accountants*

Hong Kong, 16 March 2020

羅兵咸永道會計師事務所  
執業會計師

香港,二零二零年三月十六日



# 綜合資產負債表

## CONSOLIDATED BALANCE SHEET

As at 31 December 2019  
於二零一九年十二月三十一日

			2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
	Note 附註			
<b>ASSETS</b>		<b>資產</b>		
<b>Non-current assets</b>		<b>非流動資產</b>		
Freehold land and land use rights	6	永久產權土地及土地使用權	170,005	1,011,183
Property, plant and equipment	7	物業、廠房及設備	9,445,725	7,716,921
Right-of-use assets	8	使用權資產	1,344,312	–
Intangible assets	9	無形資產	67,067	70,728
Investments accounted for using the equity method	10	以權益法入賬之投資	243,269	204,707
Deferred income tax assets	23	遞延所得稅資產	103,676	96,391
Other non-current assets		其他非流動資產	–	236,102
			<b>11,374,054</b>	<b>9,336,032</b>
<b>Current assets</b>		<b>流動資產</b>		
Inventories	12	存貨	5,100,090	5,211,292
Properties under development	12	發展中物業	227,580	226,058
Trade and bills receivables	13	應收貿易及票據款項	1,534,673	1,783,774
Prepayments, deposits and other receivables	14	預付款項、按金及其他應收賬款	798,492	867,899
Derivative financial instruments	20	衍生金融工具	287,435	145,220
Pledged bank deposits	15	已抵押銀行存款	21,478	145,019
Cash and cash equivalents	15	現金及現金等值物	1,830,859	1,054,721
			<b>9,800,607</b>	<b>9,433,983</b>
<b>Total assets</b>		<b>資產總值</b>	<b>21,174,661</b>	<b>18,770,015</b>
<b>EQUITY</b>		<b>權益</b>		
<b>Equity attributable to owners of the Company</b>		<b>本公司擁有人應佔權益</b>		
Share capital: nominal value	16	股本：面值	96,709	96,709
Share premium	16	股份溢價	433,777	433,777
Other reserves	18	其他儲備	905,019	712,893
Retained earnings	18	保留溢利	6,037,951	5,495,258
			<b>7,473,456</b>	<b>6,738,637</b>
<b>Non-controlling interests</b>		<b>非控制性權益</b>	<b>625,919</b>	<b>98,185</b>
<b>Total equity</b>		<b>權益總額</b>	<b>8,099,375</b>	<b>6,836,822</b>

# 綜合資產負債表

## CONSOLIDATED BALANCE SHEET

As at 31 December 2019  
於二零一九年十二月三十一日

			2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
	Note 附註			
<b>LIABILITIES</b>		<b>負債</b>		
<b>Non-current liabilities</b>		<b>非流動負債</b>		
Borrowings	19	借貸	4,925,007	4,875,187
Lease liabilities	8	租賃負債	135,386	—
Deferred income tax liabilities	23	遞延所得稅負債	287,461	161,690
Long-term payables	22	長期應付賬款	144,212	122,893
			<b>5,492,066</b>	<b>5,159,770</b>
<b>Current liabilities</b>		<b>流動負債</b>		
Trade and bills payables	24	應付貿易及票據款項	3,035,868	3,522,714
Contract liabilities		合約負債	133,027	88,272
Accruals and other payables	25	預提費用及其他應付賬款	797,958	727,219
Current income tax liabilities		當期所得稅負債	96,879	70,077
Borrowings	19	借貸	3,359,616	2,252,547
Derivative financial instruments	20	衍生金融工具	29,530	89,468
Lease liabilities	8	租賃負債	35,770	—
Finance lease obligations	21	融資租賃承擔	—	831
Long-term payables due within 1 year	22	1年內到期之長期應付賬款	94,572	22,295
			<b>7,583,220</b>	<b>6,773,423</b>
<b>Total liabilities</b>		<b>負債總值</b>	<b>13,075,286</b>	<b>11,933,193</b>
<b>Total equity and liabilities</b>		<b>總權益及負債</b>	<b>21,174,661</b>	<b>18,770,015</b>

The notes on pages 137 to 248 are an integral part of these consolidated financial statements.

於第137至248頁之附註為此等綜合財務報表之一部分。

The consolidated financial statements on pages 130 to 248 were approved by the Board of Directors on 16 March 2020 and the consolidated balance sheet was signed on its behalf by:

於第130至248頁之綜合財務報表已於二零二零年三月十六日獲董事會批准，並由下列董事代表董事會簽署其中的綜合資產負債表：

**Hong Tianzhu**  
Director

**Zhu Yongxiang**  
Director

洪天祝  
董事

朱永祥  
董事

# 綜合收益表

## CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2019  
截至二零一九年十二月三十一日止年度

		Year ended 31 December 截至十二月三十一日止年度	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
	Note 附註		
Revenue	收入	5	22,002,943
Cost of sales	銷售成本	27	(19,009,506)
<b>Gross profit</b>	<b>毛利</b>		<b>2,993,437</b>
Selling and distribution costs	銷售及分銷開支	27	(847,204)
General and administrative expenses	一般及行政開支	27	(1,010,446)
Net (accrual)/reversal of impairment losses on financial assets	(預提)/撥回金融資產減值虧損淨額	3.1(b)	(3,638)
Other income	其他收入	26	143,966
Other gains/(losses) — net	其他收益/(虧損)淨額	26	358,346
<b>Operating profit</b>	<b>經營溢利</b>		<b>1,634,461</b>
Finance income	財務收入	29	28,467
Finance costs	財務費用	29	(576,218)
Finance costs — net	財務費用，淨額	29	(547,751)
Share of profits less losses of investments accounted for using the equity method	分佔使用權益法入賬之投資溢利減虧損	10	28,090
<b>Profit before income tax</b>	<b>除所得稅前溢利</b>		<b>1,114,800</b>
Income tax expense	所得稅開支	31	(192,051)
<b>Profit for the year</b>	<b>年度溢利</b>		<b>922,749</b>
<b>Attributable to:</b>	<b>由以下各方應佔：</b>		
Owners of the Company	本公司擁有人		883,726
Non-controlling interests	非控制性權益		39,023
			<b>922,749</b>
<b>Earnings per share for profit attributable to owners of the Company</b>	<b>本公司擁有人應佔溢利之每股盈利</b>		
— Basic earnings per share	— 每股基本盈利	32	RMB 人民幣 0.97 元
— Diluted earnings per share	— 每股攤薄盈利	32	RMB 人民幣 0.97 元

The notes on pages 137 to 248 are an integral part of these consolidated financial statements.

於第 137 至 248 頁之附註為此等綜合財務報表之一部分。

# 綜合全面收益表

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019  
截至二零一九年十二月三十一日止年度

		Year ended 31 December 截至十二月三十一日止年度	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
	Note 附註		
<b>Profit for the year</b>	年度溢利	<b>922,749</b>	1,167,943
<b>Other comprehensive income/ (losses)</b>	其他全面收益/(虧損)		
<i>Items that will not be reclassified subsequently to profit or loss</i>	其後將不會重新分類至損益 之項目		
Revaluation of buildings	樓宇重估		
— gross	— 總額	<b>210,988</b>	—
— deferred income tax	— 遞延所得稅	<b>(38,203)</b>	—
<i>Items that may be reclassified subsequently to profit or loss</i>	其後可能會重新分類至損益 之項目		
Currency translation differences	貨幣兌換差額	<b>2,296</b>	5,180
	18		
<b>Total comprehensive income for the year</b>	年度全面收益總額	<b>1,097,830</b>	1,173,123
<b>Attributable to:</b>	由以下各方應佔：		
Owners of the Company	本公司擁有人	<b>1,058,807</b>	1,168,272
Non-controlling interests	非控制性權益	<b>39,023</b>	4,851
		<b>1,097,830</b>	1,173,123

The notes on pages 137 to 248 are an integral part of these consolidated financial statements.

於第137至248頁之附註為此等綜合財務報表之一部分。

# 綜合權益變動表

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019  
截至二零一九年十二月三十一日止年度

		Attributable to owners of the Company 本公司擁有人應佔					Non- controlling interests 非控制性 權益	Total equity 權益總額
		Share capital	Share premium	Other reserves	Retained earnings			
		Note 附註	股本 RMB'000 人民幣千元	股份溢價 RMB'000 人民幣千元	其他儲備 RMB'000 人民幣千元	保留溢利 RMB'000 人民幣千元		
<b>Balance at 1 January 2018</b>	於二零一八年一月一日的結餘		96,709	433,777	616,374	4,763,267	65,586	5,975,713
<b>Comprehensive income</b>	全面收益							
Profit for the year	年度溢利		–	–	–	1,163,092	4,851	1,167,943
Other comprehensive income:	其他全面收益：							
Currency translation differences	貨幣匯兌差額	18	–	–	5,180	–	–	5,180
<b>Total comprehensive income for the year</b>	年度全面收益總額		–	–	5,180	1,163,092	4,851	1,173,123
<b>Transactions with owners</b>	與股權持有人之交易							
Non-controlling interests arising on business combinations	業務合併產生的非控制性權益		–	–	–	–	41,717	41,717
Dividend paid to non-controlling interests	向非控制性權益派付之股息		–	–	–	–	(6,469)	(6,469)
Transactions with non-controlling interests	與非控制性權益的交易		–	–	–	–	(7,500)	(7,500)
Dividend relating to 2017	二零一七年股息	33	–	–	–	(156,160)	–	(156,160)
Dividend relating to 2018	二零一八年股息	33	–	–	–	(184,102)	–	(184,102)
Employee share option scheme	僱員購股權計劃	17	–	–	500	–	–	500
Transfer to statutory reserves	轉撥至法定儲備	18	–	–	94,873	(94,873)	–	–
Transfer from revaluation reserve to retained earnings	由重估儲備轉撥至保留溢利							
— gross	— 總額		–	–	(6,362)	6,362	–	–
— deferred income tax	— 遞延所得稅		–	–	2,328	(2,328)	–	–
<b>Total transactions with owners</b>	與股權持有人之交易總額		–	–	91,339	(431,101)	27,748	(312,014)
<b>Balance at 31 December 2018</b>	於二零一八年十二月三十一日的結餘		96,709	433,777	712,893	5,495,258	98,185	6,836,822

The notes on pages 137 to 248 are an integral part of these consolidated financial statements.

於第 137 至 248 頁之附註為此等綜合財務報表之一部分。



## 綜合權益變動表

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019  
截至二零一九年十二月三十一日止年度

		Attributable to owners of the Company 本公司擁有人應佔					Non- controlling interests 非控制性 權益	Total equity 權益總額
		Share capital	Share premium	Other reserves	Retained earnings			
		股本 RMB'000 人民幣千元	股份溢價 RMB'000 人民幣千元	其他儲備 RMB'000 人民幣千元	保留溢利 RMB'000 人民幣千元	權益 RMB'000 人民幣千元		
<b>Balance at 1 January 2019</b>	於二零一九年一月一日的結餘	96,709	433,777	712,893	5,495,258	98,185	6,836,822	
<b>Comprehensive income</b>	全面收益							
Profit for the year	年度溢利	-	-	-	883,726	39,023	922,749	
Other comprehensive income:	其他全面收益：							
Surplus on revaluation of buildings	樓宇重估盈餘							
— gross	— 總額	-	-	210,988	-	-	210,988	
— deferred income tax	— 遞延所得稅	-	-	(38,203)	-	-	(38,203)	
Currency translation differences	貨幣匯兌差額	18	-	2,296	-	-	2,296	
<b>Total comprehensive income for the year</b>	年度全面收益總額	-	-	175,081	883,726	39,023	1,097,830	
<b>Transactions with owners</b>	與股權持有人之交易							
Non-controlling interests arising on business combinations	業務合併產生的非控制性權益	35	-	-	-	477,315	477,315	
Excess of consideration paid recognised in the transactions with non-controlling interests reserve within equity	權益內非控制性權益儲備 交易中確認已支付 代價差額		-	(17,120)	-	11,396	(5,724)	
Dividend relating to 2018	二零一八年股息	33	-	-	(158,936)	-	(158,936)	
Dividend relating to 2019	二零一九年股息	33	-	-	(148,230)	-	(148,230)	
Employee share option scheme	僱員購股權計劃	17	-	298	-	-	298	
Transfer to statutory reserves	轉撥至法定儲備	18	-	38,125	(38,125)	-	-	
Transfer from revaluation reserve to retained earnings	由重估儲備轉撥至保留溢利							
— gross	— 總額		-	(6,470)	6,470	-	-	
— deferred income tax	— 遞延所得稅		-	2,212	(2,212)	-	-	
<b>Total transactions with owners</b>	與股權持有人之交易總額	-	-	17,045	(341,033)	488,711	164,723	
<b>Balance at 31 December 2019</b>	於二零一九年十二月三十一日的結餘	96,709	433,777	905,019	6,037,951	625,919	8,099,375	

The notes on pages 137 to 248 are an integral part of these consolidated financial statements.

於第 137 至 248 頁之附註為此等綜合財務報表之一部分。

# 綜合現金流量表

## CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2019  
截至二零一九年十二月三十一日止年度

		Year ended 31 December 截至十二月三十一日止年度	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
	Note 附註		
<b>Cash flows from operating activities</b>	<b>來自經營活動的現金流量</b>		
Cash generated from operations	經營所產生之現金	2,602,807	942,689
Interest received	已收利息	28,467	18,371
Income tax paid	已付所得稅	(212,918)	(194,376)
<b>Net cash generated from operating activities</b>	<b>經營活動所得現金淨額</b>	<b>2,418,356</b>	<b>766,684</b>
<b>Cash flows from investing activities</b>	<b>來自投資活動的現金流量</b>		
Proceeds from disposal of subsidiaries	出售附屬公司的所得款項	67,852	13,241
Proceeds from disposal of joint-ventures	出售合營企業的所得款項	-	200
Acquisitions of associates	收購聯營公司	(10,472)	-
Purchases of property, plant and equipment	購買物業、廠房及設備	(1,785,749)	(1,319,988)
Purchases of land use rights	購買土地使用權	(107,687)	(189,691)
Purchases of freehold land	購買永久產權土地	(34,740)	-
Proceeds from sale of property, plant and equipment	出售物業、廠房及設備所得款項	14,472	44,518
Payments on acquisitions of subsidiaries, net of cash and cash equivalents acquired	收購附屬公司付款，扣除已收購現金及現金等值物	(25,409)	(320,673)
Purchases of financial instruments	購買金融工具	(67,120)	(55,964)
Net proceeds from settlement of financial instruments	金融工具結算所得款項淨額	9,565	6,457
<b>Net cash used in investing activities</b>	<b>投資活動所耗現金淨額</b>	<b>(1,939,288)</b>	<b>(1,821,900)</b>
<b>Cash flows from financing activities</b>	<b>來自融資活動的現金流量</b>		
Proceeds from borrowings	借貸所得款項	5,471,856	5,924,712
Repayments of borrowings	償還借貸	(4,433,830)	(4,511,376)
Principal elements of lease payments	租賃付款之本金部分	(33,782)	-
Repayments of finance lease obligations	償還融資租賃承擔	-	(6,629)
Dividends paid	已付股息	(307,166)	(340,262)
Dividend paid to non-controlling interests	向非控制性權益派付之股息	-	(6,469)
Transactions with non-controlling interests	與非控制性權益的交易	-	(7,500)
Interest paid	已付利息	(460,457)	(340,807)
Decrease/(increase) in pledged bank deposits	已抵押銀行存款減少/(增加)	60,449	(68,450)
<b>Net cash generated from financing activities</b>	<b>融資活動所得現金淨額</b>	<b>297,070</b>	<b>643,219</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>現金及現金等值物增加/(減少)淨額</b>	<b>776,138</b>	<b>(411,997)</b>
Cash and cash equivalents at beginning of the year	年初之現金及現金等值物	1,054,721	1,466,718
<b>Cash and cash equivalents at end of the year</b>	<b>年終之現金及現金等值物</b>	<b>1,830,859</b>	<b>1,054,721</b>

The notes on pages 137 to 248 are an integral part of these consolidated financial statements.

於第137至248頁之附註為此等綜合財務報表之一部分。

# 綜合財務報表附註

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019  
截至二零一九年十二月三十一日止年度

### 1. GENERAL INFORMATION

Texhong Textile Group Limited (the “Company”) and its subsidiaries (together, the “Group”) are principally engaged in the manufacturing and sales of yarn, grey fabrics and garment fabrics as well as garments.

The Company was incorporated in the Cayman Islands on 12 July 2004 as an exempted company with limited liability under the Companies Law of Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 9 December 2004.

These consolidated financial statements are presented in Chinese Renminbi (“RMB”), unless otherwise stated. These consolidated financial statements have been approved and authorised for issue by the Board of Directors of the Company on 16 March 2020.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs) and disclosure requirements of the Hong Kong Companies Ordinance Cap.622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of buildings, financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss, which are carried at fair value.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

### 1. 一般資料

天虹紡織集團有限公司(「本公司」)及其附屬公司(統稱「本集團」)主要業務為製造及銷售紗線、坯布及面料和服裝。

本公司乃於二零零四年七月十二日在開曼群島根據開曼群島公司法註冊成立為一間獲豁免有限公司。其註冊辦事處之地址為Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands。

自從二零零四年十二月九日起，本公司股份已經在香港聯合交易所有限公司(「聯交所」)主板上市。

除另有說明外，該等綜合財務報表乃以人民幣(「人民幣」)呈報。該等綜合財務報表於二零二零年三月十六日獲董事會批准及授權刊發。

### 2. 重要會計政策概要

編製此等綜合財務報表採用的主要會計政策列載如下。除另有說明外，該等政策在所呈報的所有年度內已被貫徹應用。

#### 2.1 編製基準

本公司之綜合財務報表已根據所用適用香港財務報告準則(「香港財務報告準則」)及香港公司條例第622章的披露規定編製，綜合財務報表按照歷史成本法編製，並就按公平值計入損益之樓宇、金融資產及金融負債(包括衍生工具)的重估(均按公平值列賬)而作出修訂。

編製符合香港財務報告準則之財務報表需要使用若干關鍵會計估算。這亦需要管理層在應用本集團會計政策過程中行使其判斷。涉及高度判斷或複雜性之範疇，或涉及對綜合財務報表屬重大假設和估計之範疇，於附註4披露。

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.1 Basis of preparation (Continued)

#### Changes in accounting policies and disclosures

##### (a) New standard, amendments and interpretation of HKFRSs adopted by the Group in 2019

A number of new standard, amendments and interpretation to existing standards became applicable for the financial year beginning on 1 January 2019 and the Group had to change its accounting policies as a result of adopting HKFRS 16 'Leases'. The other new amendments and interpretation did not give rise to any significant impact on the Group's financial statements. These new standard, amendments and interpretation are set out below:

##### (i) HKFRS 16 'Leases'

The impact of the adoption of HKFRS 16 'Leases' is disclosed in Note 2.2 below.

##### (ii) HK (IFRIC) Interpretation 23 'Uncertainty over Income Tax Treatments', explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

- how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty;
- that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored;
- that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment;
- that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty; and

## 2. 重要會計政策概要(續)

### 2.1 編製基準(續)

#### 會計政策變更及披露

##### (a) 本集團於二零一九年採納之香港財務報告準則之新訂準則、修訂以及詮釋

多項新訂準則、現有準則的修訂以及詮釋適用於二零一九年一月一日開始的財政年度並且本集團已因採納香港財務報告準則第16號「租賃」更改其會計政策。其他新訂、修訂以及詮釋並無對本集團的財務報表產生任何重大影響。該等新訂準則、修訂以及詮釋列示如下：

##### (i) 香港財務報告準則第16號「租賃」

採納香港財務報告準則第16號「租賃」的影響於下文附註2.2披露。

##### (ii) 香港(國際財務報告詮釋委員會)詮釋第23號「所得稅處理之不確定性」, 闡述在存在稅務處理不確定性的情況下遞延及當期所得稅資產的確認及計量方法。具體而言, 其就以下各項進行討論:

- 如何確定適當的賬戶單位, 及須釐定獨立或集中考慮各項不確定稅項處理, 取決於更佳預測不確定性之解決方法;
- 實體應假設稅務機關將檢查不確定的稅務處理並充分了解所有相關資料, 即應忽略檢測風險;
- 當稅務機關不太可能接受處理時, 實體應反映其所得稅會計中不確定性的影響;
- 應使用最可能發生的金額或期望值法來衡量不確定性的影響, 具體取決於何種方法可最佳預測不確定性的解決方案; 及

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**2.1 Basis of preparation** (Continued)

**Changes in accounting policies and disclosures**  
(Continued)

(a) *New standard, amendments and interpretation of HKFRSs adopted by the Group in 2019*

(Continued)

(ii) (Continued)

- that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

While there are no new disclosure requirements, entities are reminded of the general requirement to provide information about judgements and estimates made in preparing the financial statements.

- (iii) Amendments to HKFRS 9 regarding prepayment features with negative compensation enable entities to measure certain prepayable financial assets with negative compensation at amortised cost. These assets, which include some loan and debt securities, would otherwise have to be measured at fair value through profit or loss.

To qualify for amortised cost measurement, the negative compensation must be 'reasonable compensation for early termination of the contract' and the asset must be held within a 'held to collect' business model.

- (iv) Amendments to HKAS 28 regarding long-term interests in associates and joint ventures clarify the accounting for long-term interests in an associate or joint venture, which in substance form part of the net investment in the associate or joint venture, but to which equity accounting is not applied. Entities must account for such interests under HKFRS 9 'Financial Instruments' before applying the loss allocation and impairment requirements in HKAS 28 'Investments in Associates and Joint Ventures'.

**2. 重要會計政策概要** (續)

**2.1 編製基準** (續)

**會計政策變更及披露** (續)

- (a) 本集團於二零一九年採納之香港財務報告準則之新訂準則、修訂以及詮釋 (續)

(ii) (續)

- 無論何時發生情況變化或有新的資料影響判決，均須重新評估所做出的判斷及估計。

儘管並無新的披露規定，各實體須注意提供有關編製財務報表時作出的判斷及估計資料的一般要求。

- (iii) 香港財務報告準則第9號關於具有負補償的提前還款特性之修訂，以便實體按攤銷成本計量有負賠償的若干可預付金融資產。該等包括若干貸款及債務證券的資產則按公平值計入損益計量。

負賠償必須為「對提前終止合同的合理賠償」及資產的業務模式必須為「持有以收取」，僅符合以攤銷成本計量的資格。

- (iv) 香港會計準則第28號「於聯營公司及合營企業的長期權益」之修訂，澄清了在聯營公司或合營企業中擁有長期利益，實質上構成部分淨投資但未採用權益法核算的會計處理。實體必須在採用香港會計準則第28號「於聯營公司及合營企業的投資」規定的損失及減值的要求前，先採用香港財務報告準則第9號「金融工具」。

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.1 Basis of preparation (Continued)

#### Changes in accounting policies and disclosures (Continued)

(a) *New standard, amendments and interpretation of HKFRSs adopted by the Group in 2019 (Continued)*

(v) Annual Improvements to HKFRS Standards 2015–2017 Cycle which were finalised in December 2017

- HKFRS 3 ‘Business Combinations’ — clarified that obtaining control of a business that is a joint operation is a business combination achieved in stages.
- HKFRS 11 ‘Joint Arrangements’ — clarified that the party obtaining joint control of a business that is a joint operation should not remeasure its previously held interest in the joint operation.
- HKAS 12 ‘Disclosure of Interests in Other Entities’ — clarified that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.
- HKAS 23 ‘Borrowing Costs’ — clarified that, if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

## 2. 重要會計政策概要(續)

### 2.1 編製基準(續)

#### 會計政策變更及披露(續)

(a) 本集團於二零一九年採納之香港財務報告準則之新訂準則、修訂以及詮釋(續)

(v) 二零一七年十二月完成的香港財務報告準則二零一五年至二零一七年週期年度改進

- 香港財務報告準則第3號「業務合併」— 澄清了取得合營業務控制權乃分階段進行之業務合併。
- 香港財務報告準則第11號「合營安排」— 澄清取得屬共同經營的業務的控制權一方毋須重新計量其先前於該共同經營中持有的權益。
- 香港會計準則第12號「披露其他實體的權益」— 澄清了分類為權益之金融工具之股息所得稅影響應根據過去產生可分配溢利之交易或事件確認時確認。
- 香港會計準則第23號「借貸成本」— 澄清，倘特定借貸於相關合資格資產可用於其擬定用途或銷售後仍未清償，則成為一般借貸之一部分。



## 綜合財務報表附註

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019  
截至二零一九年十二月三十一日止年度

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.1 Basis of preparation (Continued)

##### Changes in accounting policies and disclosures (Continued)

- (a) *New standard, amendments and interpretation of HKFRSs adopted by the Group in 2019 (Continued)*
- (vi) Amendments to HKAS 19 regarding plan amendment, curtailment or settlement, clarify the accounting for defined benefit plan amendments, curtailments and settlements. They confirm that entities must:
- calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change;
  - recognise any reduction in a surplus immediately in profit or loss, either as part of past service cost or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling;
  - separately recognise any changes in the asset ceiling through other comprehensive income.
- (b) *New standard and amendments of HKFRSs issued but are not effective for the financial year beginning on 1 January 2019 and have not been early adopted by the Group*
- (i) HKFRS 17 'Insurance Contracts', effective for annual periods beginning on or after 1 January 2021 (but likely to be extended).
- (ii) Amendments to HKAS 1 and HKAS 8 regarding definition of material, effective for annual periods beginning on or after 1 January 2020.
- (iii) Amendments to HKFRS 3 regarding definition of a business, effective for annual periods beginning on or after 1 January 2020.
- (iv) Revised Conceptual Framework for Financial Reporting, effective for annual periods beginning on or after 1 January 2020.

### 2. 重要會計政策概要(續)

#### 2.1 編製基準(續)

##### 會計政策變更及披露(續)

- (a) 本集團於二零一九年採納之香港財務報告準則之新訂準則、修訂以及詮釋(續)
- (vi) 香港會計準則第19號關於計劃修改、縮減或結算之修訂，澄清了對界定受益計劃修改、縮減及結算的會計核算。本次修改要求實體：
- 在計劃修改、縮減或結算後，使用自更改日期起的更新後假設來計算報告期剩餘期間的當期服務成本及淨利息；
  - 在損益中確認盈餘減少，作為過往服務成本的一部分或作為結算盈利或虧損，即使由於資產上限的影響之前並未確認，盈餘減少亦必須於損益中確認；
  - 通過其他綜合收益單獨確認資產上限的任何變化。
- (b) 已頒佈香港財務報告準則之新訂準則及修訂但尚未於二零一九年一月一日起之財政年度生效，且未獲本集團提前採納
- (i) 香港財務報告準則第17號「保險合約」，自二零二一年一月一日或之後起年度期間生效(很可能推遲)。
- (ii) 香港會計準則第1號及香港會計準則第8號有關重大定義之修訂，自二零二零年一月一日或之後起年度期間生效。
- (iii) 香港財務報告準則第3號有關業務之修訂，自二零二零年一月一日或之後起年度期間生效。
- (iv) 財務報告之經修訂概念框架，自二零二零年一月一日或之後起年度期間生效。

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.1 Basis of preparation (Continued)

#### Changes in accounting policies and disclosures (Continued)

- (b) *New standard and amendments of HKFRSs issued but are not effective for the financial year beginning on 1 January 2019 and have not been early adopted by the Group (Continued)*
- (v) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 regarding interbank offered rates (IBORs) reform and its effects on financial reporting, effective for annual periods beginning on or after 1 January 2020.
- (vi) Amendments to HKFRS 10 and HKAS 28 regarding sale or contribution of assets between an investor and its associate or joint venture, originally intended to be effective for annual periods beginning on or after 1 January 2016. The effective date has now been deferred/removed.

### 2.2 Changes in accounting policies

This note explains the impact of the adoption of HKFRS 16 'Leases' on the Group's financial statements.

As indicated in Note 2.1 above, the Group has adopted HKFRS 16 'Leases' from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the simplified transition approach in the standard. The reclassifications and the adjustments arising from the new leasing standard are therefore recognised in the opening balance sheet on 1 January 2019. The new accounting policies are disclosed in Note 2.29.

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 'Leases'. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 3.67%.

## 2. 重要會計政策概要(續)

### 2.1 編製基準(續)

#### 會計政策變更及披露(續)

- (b) 已頒佈香港財務報告準則之新訂準則及修訂但尚未於二零一九年一月一日起之財政年度生效，且未獲本集團提前採納(續)
- (v) 香港財務報告準則第9號、香港會計準則第39號及香港財務報告準則第7號有關銀行間同業拆借利率改革及其對財務報告之影響之修訂，自二零二零年一月一日或之後起年度期間生效。
- (vi) 香港財務報告準則第10號及香港會計準則第28號關於投資者與其聯營公司或合營企業之間的資產出售或注資之修訂，原訂於二零一六年一月一日或之後開始之年度期間生效。有關生效日期現已押後／刪除。

### 2.2 會計政策變動

本附註闡釋採納香港財務報告準則第16號「租賃」對本集團財務報表的影響。

誠如上文附註2.1所示，本集團於二零一九年一月一日起採納香港財務報告準則第16號「租賃」，惟按該準則的簡化過渡方法所允許者，並無重列二零一八年報告期間之比較資料。因此，該等新租賃準則所導致的重新分類及調整於二零一九年一月一日的資產負債表確認。新會計政策已於附註2.29披露。

採納香港財務報告準則第16號時，本集團就先前根據香港會計準則第17號「租賃」的原則被分類為「經營租賃」的租賃確認了租賃負債。該等負債按餘下租賃款項的現值計量，並使用承租人截至二零一九年一月一日的遞增借款利率貼現。承租人於二零一九年一月一日應用於租賃負債的加權平均增量借款利率為3.67%。

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.2 Changes in accounting policies (Continued)

For leases previously classified as finance leases the Group recognised the carrying amount of the lease assets of RMB17,409,000 and finance lease obligations of RMB831,000 immediately before transition as the carrying amount of the right-of-use asset and the lease liability at the date of initial application. The measurement principles of HKFRS 16 are only applied after that date. The remeasurements to the lease liabilities were recognised as adjustments to the related right-of-use assets immediately after the date of initial application.

#### (i) Practical expedients applied

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 'Leases' and HK (IFRIC) Interpretation 4 'Determining whether an Arrangement contains a Lease'.

## 2. 重要會計政策概要(續)

### 2.2 會計政策變動(續)

先前分類為融資租賃的租約，本集團已於首次應用日將其人民幣17,409,000元的租賃資產及人民幣831,000元的融資租賃承擔過渡前的賬面值確認為使用權資產及租賃負債的賬面值。香港財務報告準則第16號的計量原則僅於該日期後適用。租賃負債的重新計量在初始申請日後立即確認為對相關使用權資產的調整。

#### (i) 所應用的可行權宜方法

於首次採納香港財務報告準則第16號時，本集團已使用以下該準則所允許的可行權宜方法：

- 對具有合理相似特徵的租賃組合使用單一貼現率；
- 依賴先前關於租賃是否虧損的評估；
- 對於二零一九年一月一日剩餘租期少於十二個月的經營租賃的會計處理為短期租賃；
- 在首次應用日期排除初始直接成本以計量使用權資產；及
- 當合約包含延長或終止租約的選擇時，以事後分析結果確定租期。

本集團亦已選擇不重新評估合約在首次應用日期是否或包含租賃。相反，對於在過渡日期之前訂立的合約，本集團依據其應用香港會計準則第17號「租賃」及香港（財務報告詮釋委員會）詮釋第4號釐定安排是否包括租賃作出的評估。

## 綜合財務報表附註

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019  
截至二零一九年十二月三十一日止年度

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.2 Changes in accounting policies (Continued)

#### (ii) Measurement of right-of-use assets and lease liabilities

		2019 二零一九年 RMB'000 人民幣千元
Operating lease commitments (excluding leases relating to land use rights) disclosed as at 31 December 2018	於二零一八年十二月三十一日披露之經營租賃承擔(不包括與土地使用權相關之租賃)	206,511
Less:	減：	
Short-term leases to be recognised on a straight-line basis as expenses	按直線法確認為開支的短期租賃	(3,333)
Low-value leases to be recognised on a straight-line basis as expenses	按直線法確認為開支的低價值租賃	(614)
		202,564
Discounted using the lessee's incremental borrowing rate at the date of initial application, representing additional lease liabilities recognised as at 1 January 2019	於初始應用日期採用承租人的增量借貸利率進行的貼現，相當於二零一九年一月一日確認的額外租賃負債	182,630
Add:	加：	
Reclassification of lease assets recorded under property, plant and equipment in relation to finance lease obligations	與融資租賃承擔相關於物業、廠房及設備項下入賬的租賃資產的重新分類	17,409
Reclassification of land use rights	土地使用權的重新分類	877,045
Right-of-use assets recognised as at 1 January 2019	截至二零一九年一月一日確認的使用權資產	1,077,084

The right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid rental expenses relating to that lease recognised in the balance sheet as at 1 January 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

使用權資產乃按相當於租賃負債的金額計量，並經由於二零一九年一月一日在資產負債表確認之租賃有關的任何預付租金費用的款項進行調整。於初始應用日期，概無虧損性租賃合約需要對使用權資產進行調整。

## 綜合財務報表附註

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019  
截至二零一九年十二月三十一日止年度

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.2 Changes in accounting policies (Continued)

#### (iii) Adjustments recognised in the balance sheet on 1 January 2019

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- property, plant and equipment — decrease by RMB17,409,000
- freehold land and land use rights — decrease by RMB877,045,000
- right-of-use assets — increase by RMB1,077,084,000
- finance lease obligations — decrease by RMB831,000
- lease liabilities (current portion) — increase by RMB34,309,000
- lease liabilities (non-current portion) — increase by RMB149,152,000

There was no impact on retained earnings on 1 January 2019.

### 2.3 Subsidiaries

#### 2.3.1 Consolidation

- (a) A subsidiary is an entity (including a structured entity) over which the group has control. The Group controls an entity where the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

## 2. 重要會計政策概要(續)

### 2.2 會計政策變動(續)

#### (iii) 於二零一九年一月一日在資產負債表確認之調整

於二零一九年一月一日，會計政策變動影響下列資產負債表的項目：

- 物業、廠房及設備 — 減少人民幣 17,409,000 元
- 永久產權土地及土地使用權 — 減少人民幣 877,045,000 元
- 使用權資產 — 增加人民幣 1,077,084,000 元
- 融資租賃承擔 — 減少人民幣 831,000 元
- 租賃負債(即期部分) — 增加人民幣 34,309,000 元
- 租賃負債(非即期部分) — 增加人民幣 149,152,000 元

於二零一九年一月一日的保留盈利並無受到任何影響。

### 2.3 附屬公司

#### 2.3.1 綜合賬目

- (a) 附屬公司指本集團對其有控制權之實體(包括結構實體)。於本集團藉對實體之參與而面臨可變回報之風險或取得可變回報之權利，並藉對該實體行使權力而有能力影響該等回報時，則本集團控制該實體。附屬公司自控制權轉移予本集團當日起綜合入賬，並由控制權終止當日起停止綜合入賬。

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.3 Subsidiaries (Continued)

#### 2.3.1 Consolidation (Continued)

##### (b) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

## 2. 重要會計政策概要(續)

### 2.3 附屬公司(續)

#### 2.3.1 綜合賬目(續)

##### (b) 業務合併

本集團採用收購法就業務合併入賬。收購附屬公司的轉讓代價為所轉讓資產、對被收購方前擁有人所產生負債及本集團所發行股權的公平值。轉讓代價包括或然代價安排產生的任何資產或負債的公平值。於業務合併時所收購的可識別資產及所承擔的負債及或然負債，初步按收購日的公平值計量。

本集團以逐項收購為基礎，確認於被收購方的任何非控制性權益。屬於現時擁有權益並賦予持有人在清盤時按比例分佔主體淨資產的被收購方的非控制性權益，可按公平值或現時擁有權益應佔被收購方可識別淨資產的確認金額比例而計量。非控制性權益的所有其他組成部分按收購日的公平值計量，除非香港財務報告準則規定須以其他計量基準計算。

收購相關成本於產生時支銷。

若業務合併分階段進行，則收購方先前所持被收購方權益於收購日期的賬面值按收購日期公平值重新計量，源於有關重新估值之任何收益或虧損於損益中確認。



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Subsidiaries (Continued)

2.3.1 Consolidation (Continued)

(b) Business combinations (Continued)

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated income statement.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(c) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions — that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2. 重要會計政策概要(續)

2.3 附屬公司(續)

2.3.1 綜合賬目(續)

(b) 業務合併(續)

本集團所轉讓的任何或然代價於收購日期按公平值確認。或然代價(視作一項資產或負債)公平值的其後變動根據香港會計準則第39號於損益確認，或計作其他全面收益變動。歸類為權益而並無重新計量之或然代價及其後償付於權益中入賬。

所轉讓代價、被收購方的任何非控制性權益金額及任何先前於被收購方的股權於收購日期的公平值高於所收購可辨認資產淨值的公平值時，其差額以商譽列賬。就議價購買而言，如轉讓代價、已確認非控制性權益及先前持有的權益計量總額低於所收購附屬公司資產淨值的公平值，其差額將直接在綜合收益表中確認。

集團內部交易、結存及集團內公司間的交易之未變現收益，均予以對銷。除非有關交易提供已轉讓資產減值證據，否則未變現虧損亦予以對銷。如有需要，附屬公司所呈報之金額已經調整，以貫徹本集團之會計政策。

(c) 不導致控制權改變之附屬公司所有者權益變動

不導致失去控制權之非控制性權益交易入賬列作權益交易 — 即以彼等為擁有人之身分與擁有人進行交易。任何已付代價公平值與所收購相關應佔附屬公司資產淨值賬面值之差額於權益入賬。向非控制性權益出售之盈虧亦於權益入賬。

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.3 Subsidiaries (Continued)

#### 2.3.1 Consolidation (Continued)

##### (d) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

#### 2.3.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

Impairment testing of the investments in subsidiaries is also required according to Note 2.11.

## 2. 重要會計政策概要(續)

### 2.3 附屬公司(續)

#### 2.3.1 綜合賬目(續)

##### (d) 出售附屬公司

本集團失去控制權時，於實體之任何保留權益按失去控制權當日之公平值重新計量，有關賬面值變動在損益確認。就其後入賬列作聯營公司、合營企業或金融資產之保留權益，其公平值為初始賬面值。此外，先前於其他全面收益確認與該實體有關之任何金額，按猶如本集團已直接出售有關資產或負債之方式入賬。此可能意味先前在其他全面收益確認之金額重新分類至損益。

#### 2.3.2 獨立財務報表

於附屬公司之投資乃按成本扣除減值入賬。成本亦包括投資直接應佔成本。附屬公司業績由本公司按已收股息及應收款項基準入賬。

倘自附屬公司收取的股息超出宣派股息期間該附屬公司的全面收入總額，或倘獨立財務報表的投資賬面值超出合併財務報表所示被投資公司資產淨值(包括商譽)的賬面值，則於自該等投資收取股息時須對於該等附屬公司的投資進行減值測試。

根據附註2.11，亦須對於該等附屬公司的投資進行減值測試。

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.4 Associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carry amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit of investments accounted for using equity method' in the consolidated income statement.

## 2. 重要會計政策概要(續)

### 2.4 聯營公司

聯營公司指所有本集團對其有重大影響力而無控制權之實體，通常附帶有20%至50%投票權之股權。聯營公司投資以權益會計法入賬。根據權益法，投資初始以成本確認，而賬面值則予以增加或減少，以確認投資者在收購日期後佔被投資方損益之比例。本集團於聯營公司之投資包括收購時識別之商譽。收購聯營公司之擁有權權益時，聯營公司之成本與本集團應佔聯營公司可識別資產及負債公平淨值間之差額入賬為商譽。

如果對聯營公司的擁有權減少但仍存在重大影響，則先前於其他全面收益確認的金額僅有按比例計算的份額重新分類至損益(如適用)。

本集團收購後應佔的溢利或虧損於綜合收益表內確認，而收購後應佔其他全面收益變動於其他全面收益確認，並就投資賬面值作相應調整。倘本集團應佔聯營公司的虧損等於或超過所持聯營公司的權益(包括任何其他無抵押應收款項)，除非本集團承擔法定或推定責任或已代聯營公司付款，否則不會確認進一步虧損。

本集團在每個報告日期釐定於聯營公司的投資是否存在客觀減值證據。一旦存在減值證據，本集團會按聯營公司可收回金額與其賬面值之間的差額計算減值金額，並於綜合收益表「應佔以權益法入賬之投資」確認有關金額。

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.4 Associates (Continued)

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gains or losses on dilution of equity interests in associates are recognised in the consolidated income statement.

### 2.5 Joint arrangements

The Group has applied HKFRS 11 to all joint arrangements. Under HKFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. The Group's investments in joint ventures include goodwill identified on acquisition. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

## 2. 重要會計政策概要(續)

### 2.4 聯營公司(續)

本集團及其聯營公司之間之上游及下游交易所產生溢利及虧損於本集團財務報表確認，惟僅以非關連投資者於聯營公司之權益為限。除非有關交易提供已轉讓資產減值證據，否則未變現虧損予以對銷。在必要的時候，聯營公司的會計政策會作出改變，以確保與本集團所採納的政策保持一致。

聯營公司股權被攤薄時之盈虧於綜合收益表確認。

### 2.5 合營安排

本集團已對所有合營安排應用香港財務報告準則第11號。根據香港財務報告準則第11號，在合營安排的投資必須分類為共同經營或合營企業，視乎每個投資者的合約權益和責任而定。本集團已評估其合營安排的性質並釐定為合營企業。合營企業按權益法入賬。

根據會計權益法，合營企業權益初步以成本確認，其後經調整以確認本集團分佔的收購後溢利或虧損以及其他全面收入變動的份額。本集團對合營企業的投資包括在收購時已識別的商譽。在收購合營企業的擁有權時，合營企業成本與本集團分佔合營企業可識別資產和負債的公平淨值之差額入賬為商譽。當本集團分佔某一合營企業的虧損超過或相等於在該合營企業的權益(包括任何其他無抵押應收款項)，則本集團不會確認進一步虧損，除非本集團已產生責任或已代合營企業付款。

本集團與其合營企業之間的未變現交易收益按本集團在該等合營企業的權益予以對銷。未變現虧損也予以對銷，除非交易提供證據證明所轉讓的資產出現減值。合營企業的會計政策已於有需要時變更以符合本集團採納的政策。

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.6 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Committee of Executive Directors of the Company that makes strategic decisions.

### 2.7 Foreign currency translation

#### (a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in RMB, which is the Company's functional and the Group's presentation currency.

#### (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated income statement within 'finance costs — net'. All other foreign exchange gains and losses are presented in the consolidated income statement within 'other gains/ (losses) — net'.

Changes in the fair value of debt securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

## 2. 重要會計政策概要(續)

### 2.6 分部報告

經營分部以向主要經營決策者提供內部呈報一致的形式呈報。負責分配資源及評估經營分部表現之主要經營決策者已確定為作出策略決策之本公司之執行董事委員會。

### 2.7 外幣換算

#### (a) 功能及呈報貨幣

本集團旗下每個實體之財務報表所包括之項目，均以該實體之主要營運地區之貨幣（「功能貨幣」）計算。本綜合財務報表乃以人民幣呈報，人民幣為本公司功能貨幣及本集團呈報貨幣。

#### (b) 交易及結餘

外幣交易均按交易當日或估值當日（倘項目再計量）之匯率換算為功能貨幣。此等交易結算以及按年結日之匯率換算外幣資產和負債而產生的匯兌收益及虧損，均於綜合收益表內確認。

有關借貸和現金及現金等值物之匯兌收益及虧損於綜合收益表中「財務費用 — 淨額」一項中呈列。所有其他匯兌收益及虧損於綜合收益表中「其他收益／（虧損） — 淨額」中呈列。

以外幣為單位且分類為可供出售的債務證券的公平值變動，按照證券的攤銷成本變動以及該證券賬面值的其他變動所產生的匯兌差額分析。與攤銷成本變動有關的匯兌差額於損益內確認，而賬面值的其他變動於其他全面收益內確認。



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.7 Foreign currency translation (Continued)

#### (b) Transactions and balances (Continued)

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

#### (c) Group companies

The results and financial position of all the Group's entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) income and expenses for each consolidated income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (iii) all resulting currency translation differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognised in other comprehensive income.

## 2. 重要會計政策概要(續)

### 2.7 外幣換算(續)

#### (b) 交易及結餘(續)

非貨幣財務資產及負債(例如按公平值計入損益之股本)之匯兌差額於損益內確認為公平值盈虧之一部份。非貨幣財務資產(例如分類為可供出售之股本)之匯兌差額計入其他全面收益內。

#### (c) 集團公司

功能貨幣與呈報貨幣不同的所有本集團內實體(當中沒有嚴重通脹貨幣)的業績和財務狀況按如下方法換算為呈報貨幣：

- (i) 每份呈報的資產負債表內的資產和負債按該資產負債表日期的收市匯率換算；
- (ii) 每份綜合收益表內的收入和費用按平均匯率換算(除非此平均匯率並不代表交易日期匯率的累計影響的合理約數；在此情況下，收支項目按交易日期的匯率換算)；及
- (iii) 所有由此產生的貨幣兌換差額於其他全面收益內確認。

綜合入賬時，換算海外實體任何投資淨額以及指定為該等投資之對沖項目的借款及其他金融工具產生之匯兌差額於其他全面收益確認。於出售境外業務或償還投資淨額的任何借款時，相關匯兌差額重新分類至損益，作為出售損益之一部分。

收購國外實體產生之商譽及公平值調整，作為國外實體之資產及負債處理，並按收市匯率兌換。所產生之貨幣兌換差額於其他全面收入確認。



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.8 Property, plant and equipment

Buildings comprise mainly factories and offices. Buildings are shown at fair value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of buildings are recognised in other comprehensive income. Decreases that offset previous increases of the same asset are charged to other comprehensive income; all other decreases are charged to the consolidated income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the consolidated income statement and depreciation based on the asset's original cost is transferred from 'revaluation reserve' to 'retained earnings'.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their costs or revalued amounts to their residual values over their estimated useful lives, as follows:

— Buildings	15 to 40 years	2.5%–6.7%
— Machinery and equipment	6 to 15 years	6.7%–16.7%
— Furniture and fixtures	3 to 10 years	10.0%–33.3%
— Motor vehicles	5 to 7 years	14.0%–20.0%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.11).

## 2. 重要會計政策概要(續)

### 2.8 物業、廠房及設備

樓宇主要包括工廠和辦公室。樓宇根據外部獨立估值師定期(但最少每三年一次)進行的估值按公平值減其後的折舊列賬。在重估日期的任何累計折舊與資產的賬面值總額對銷，而淨額則重列至資產的重估金額。所有其他物業、廠房及設備按歷史成本減折舊列賬。歷史成本包括收購該等項目直接應佔的開支。

只有在與項目相關的未來經濟效益有可能流入本集團，並能夠可靠地計量項目成本的情況下，本集團才會將其後成本計入為資產賬面值之一部分或確認為獨立資產項目(如適用)。所替換之部分的賬面值乃撇除確認。所有其他維護及保養費用均需於產生時於該財務期間之綜合收益表扣除。

樓宇重估後之賬面增值於其他全面收益確認。與同一資產先前增值對銷的減值部分，於其他全面收益中扣除；餘下之所有減值額則於綜合收益表內扣除。每年，根據於綜合收益表扣除之資產的重估賬面值得出之折舊，與根據資產原來成本得出之折舊的差額乃從「重估儲備」撥轉至「保留溢利」。

物業、廠房及設備的折舊以直線法計算，以分配其成本值或重估值至其於估計可使用年期之剩餘價值如下：

— 樓宇	15至40年	2.5%–6.7%
— 機器及設備	6至15年	6.7%–16.7%
— 傢俬及裝置	3至10年	10.0%–33.3%
— 汽車	5至7年	14.0%–20.0%

本集團在各報告期末重檢資產的剩餘價值及可使用年期，並已按適當情況作出調整。

倘資產的賬面值大於其估計可收回金額，資產的賬面值即時撇減至其可收回金額(附註2.11)。

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.8 Property, plant and equipment (Continued)

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other gains/(losses) — net' in the consolidated income statement.

When revalued assets are sold, the amounts included in revaluation reserve are transferred to retained earnings.

Construction-in-progress, representing buildings on which construction work has not been completed and machinery pending installation, is stated at cost, which includes construction expenditures incurred, cost of machinery, interest capitalised and other direct costs capitalised during the construction and installation period, less accumulated impairment losses, if any. No depreciation is provided in respect of construction-in-progress until the construction and installation work is completed and put into use. On completion, construction-in-progress is transferred to appropriate categories of property, plant and equipment.

### 2.9 Freehold land and land use rights

Freehold land is not amortized.

The premiums paid to acquire land use rights are recorded as prepayment for operating lease, and are amortised using the straight-line method over the period of the land use rights of 45 to 50 years.

As disclosed in Note 2.2, the Group has adopted HKFRS 16 'Leases' from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the simplified transition approach in the standard. The reclassifications from land use rights to right-of-use asset arising from the new leasing standard are therefore recognised in the opening balance sheet on 1 January 2019.

## 2. 重要會計政策概要(續)

### 2.8 物業、廠房及設備(續)

出售之盈利及虧損是按出售所得款項與有關資產賬面值之差額而釐定，並於綜合收益表中「其他收益／(虧損) — 淨額」中確認。

重估資產售出後，重估儲備內的金額轉移至保留溢利。

在建工程指未完成建築工程的樓宇及未安裝的機器，按成本入賬，包括所產生建築開支、機器成本、資本化利息及建築與安裝期間其他直接資本化成本，而扣減累計減值虧損(如有)。於建築及安裝工程完成及投入使用前不會就在建工程作出折舊。當工程完成後，在建工程轉撥至適當物業、廠房及設備類別。

### 2.9 永久產權土地及土地使用權

永久產權土地並無攤銷。

就收購土地使用權支付的溢價視作經營租賃的預付款項，並按直線法於土地使用權的45至50年期間內攤銷。

誠如附註2.2所披露，本集團於二零一九年一月一日起採納香港財務報告準則第16號「租賃」，惟按該準則的簡化過渡方法所允許者，並無重列二零一八年報告期間之比較資料。因此，該等新租賃準則所導致的土地使用權重新分類至使用權資產於二零一九年一月一日的資產負債表確認。

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**2.10 Intangible assets**

**(i) Goodwill**

Goodwill is measured as described in note 2.3.1. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

**(ii) Customer relationship**

Customer relationship acquired in a business combination is recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

**(iii) Amortisation methods and periods**

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

Customer relationship	15 years
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**2.11 Impairment of investments in subsidiaries, associates, joint ventures and non-financial assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

**2. 重要會計政策概要 (續)**

**2.10 無形資產**

**(i) 商譽**

商譽按附註2.3.1所述計量。收購附屬公司的商譽列入無形資產。商譽不予攤銷，惟每年進行減值測試，或當有事件出現或情況變動顯示可能出現減值時進行更頻密減值測試，並按成本減去累計減值損失列示。出售實體的收益及虧損包括與出售實體有關的商譽賬面值。

商譽會被分配至現金產生單位以進行減值測試。有關分配乃對預期將從商譽產生的業務合併中獲益的現金產生單位或現金產生單位組別作出。現金產生單位或現金產生單位組別乃就內部管理目的而於監察商譽的最低層次(即經營分部)確認。

**(ii) 客戶關係**

在業務合併中購入的客戶關係按購買日的公平值確認。客戶關係的可用年期有限，隨後按成本減累積攤銷及減值虧損列賬。

**(iii) 攤銷方法及期間**

本集團使用直線法按下列期間對具有限定可使用年期之無形資產予以攤銷：

客戶關係	15年
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**2.11 附屬公司、聯營公司及合營企業的投資及非金融資產減值**

可使用年期不確定之資產不予攤銷並每年進行減值測試。當任何事件發生或環境變化預示其賬面值可能無法收回時，會對須予攤銷之資產進行減值測試。若某項資產的賬面值超過其可收回金額時，會就其差額確認減值虧損。資產的可收回金額為公平值減出售成本與其可使用價值中較高者。評估資產減值時，資產按可單獨分辨的最小現金流量(現金產生單位)予以分類。除商譽外減值的非金融資產將於各報告日期檢討撥回減值的可能性。

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.12 Financial assets

#### 2.12.1 Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

#### 2.12.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

## 2. 重要會計政策概要(續)

### 2.12 金融資產

#### 2.12.1 分類

本集團將其金融資產分類為以下計量類別：

- 其後按公平值(不論計入全面收益或計入損益)計量；及
- 按攤餘成本計量。

分類視乎實體處理財務資產及現金流合約年期之業務模式。

就按公平值計量的資產而言，收益及虧損將於損益或其他全面收益列賬。就並非持作買賣的股本工具投資而言，將取決於本集團是否於初始確認時作出不可撤回選擇，將股本投資以按公平值計入其他全面收益計量(「按公平值計入其他全面收益」)入賬。

本集團只限於當管理該等資產的業務模式改變時重新分類債務投資。

#### 2.12.2 確認及終止確認

常規購買及出售的金融資產在交易日確認 — 交易日指本集團承諾購買或出售該資產之日。當從金融資產收取現金流量的權利到期或已轉讓，而本集團已轉讓所有權的絕大部分風險及報酬時，則終止確認金融資產。

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.12 Financial assets (Continued)

#### 2.12.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

#### *Debt instruments*

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

## 2. 重要會計政策概要(續)

### 2.12 金融資產(續)

#### 2.12.3 計量

於初步確認時，本集團按公平值計量金融資產。倘金融資產並非按公平值計入損益(「按公平值計入損益」)記賬，則加上收購該金融資產直接應佔的交易成本。按公平值計入損益列值的金融資產的交易成本於損益中列作開支。

在確定具有嵌入衍生工具的金融資產的現金流量是否純粹為本金及利息付款時，需從金融資產的整體考慮。

#### *債務工具*

債務工具的后續計量取決於本集團管理資產之業務模式及該等資產的現金流量特徵。本集團將其債務工具分類為三種計量類別：

- **攤銷成本：**倘持有資產旨在收取合約現金流量，而該等資產的現金流量純粹為本金及利息付款，該等資產按攤銷成本計量。該等金融資產的利息收入以實際利率法計入財務收入。終止確認產生任何收益或虧損直接於損益中確認並於其他收益/(虧損)中呈列，連同匯兌收益及虧損。減值虧損於損益表中呈列為獨立項目。



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.12 Financial assets (Continued)

#### 2.12.3 Measurement (Continued)

##### Debt instruments (Continued)

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

##### Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other losses in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

## 2. 重要會計政策概要(續)

### 2.12 金融資產(續)

#### 2.12.3 計量(續)

##### 債務工具(續)

- 按公平值計入其他全面收益：倘持有資產目的為收取合約現金流量及銷售金融資產，且資產的現金流量純粹為本金及利息付款，則按公平值計入其他全面收益計量。賬面值變動計入其他全面收益，惟減值損益、利息收入及匯兌損益於損益中確認。於終止確認金融資產時，先前於其他全面收益確認的累計收益或虧損由權益重新分類至損益並於其他收益/(虧損)確認。該等金融資產所產生利息收入乃使用實際利率法計入財務收入。匯兌收益及虧損於其他收益/(虧損)呈列，而減值開支在收益表中呈列為獨立項目。
- 按公平值計入損益：不符合攤銷成本或按公平值計入其他全面收益標準的資產乃以按公平值計入損益計量。隨後按公平值計入損益的債務投資的損益於其產生期間在損益中確認並在其他收益/(虧損)中呈列為淨值。

##### 股本工具

本集團隨後就所有股本投資按公平值計量。當本集團管理層已選擇於其他全面收益呈列股本投資的公平值收益及虧損，公平值收益及虧損於終止確認投資後不會重新分類至損益。該等投資的股息於本集團收取款項的權利確立時繼續於損益確認為其他收入。

按公平值計入損益的金融資產公平值變動於損益表確認為其他虧損(按適用情況)。按公平值計入其他全面收益計量的股本投資的減值虧損(及減值虧損撥回)不會因公平值其他變動而分開列報。



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Financial assets (Continued)

2.12.4 Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 13 for further details.

2.13 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.14 Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The method of recognising the resulting gain or loss depends on whether the derivative is designed as a hedging instrument, and if so, the nature of item being hedged. Derivative instruments held by the Group do not qualify for hedge accounting and are accounted for at fair value through profit or loss. Changes in fair value of these derivative instruments that do not qualify for hedge accounting are recognised immediately in the consolidated income statement within 'other gains/(losses) — net'.

2. 重要會計政策概要(續)

2.12 金融資產(續)

2.12.4 減值

本集團對有關其按攤銷成本列賬及按公平值計入其他全面收益之債務工具的預期信貸虧損進行前瞻性評估。所應用的減值方法取決於信貸風險是否大幅增加。

就應收貿易款項而言，本集團應用香港財務報告準則第9號允許的簡化方法，其中要求全期預期虧損須自首次確認應收款項時確認，更多詳情請參閱附註13。

2.13 抵銷金融工具

當有可合法強制執行權力抵銷已確認金額，並有意圖按淨額基準結算或同時變現資產及結算負債時，金融資產與負債可互相抵銷，並在資產負債表呈報有關淨額。可合法強制執行權利不得取決於未來事件而定，且須在一般業務過程中以及倘本公司或對手方一旦出現拖欠還款、無償債能力或破產時可強制執行。

2.14 衍生金融工具

衍生工具最初於訂立衍生工具合同當日按公平值確認，其後於各報告期末重新計量至其公平值。確認所得盈虧方法，取決於衍生工具是否界定為對沖工具及倘屬對沖工具，則取決於被對沖項目性質。本集團持有之衍生工具並不符合對沖會計所指的衍生工具，並透過損益以公平值列賬。任何不符合對沖會計的衍生工具的公平值變動，會即時於綜合收益表中「其他收益／(虧損) — 淨額」確認。

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.15 Government grants/subsidies

Grants/subsidies from government authorities are recognised at their fair value where there is a reasonable assurance that the grants/subsidies will be received and the Group will comply with all attached conditions.

Government grants/subsidies relating to assets are presented in the balance sheet by deducting the grant in arriving at the carrying amount of the asset.

Government grants/subsidies relating to compensation for relocation are deferred and recognised in the consolidated income statement over the period when the relocation takes place.

### 2.16 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

### 2.17 Properties under development

Properties under development are stated at the lower of cost and net realisable value. Net realisable value takes into account the price ultimately expected to be realised, less applicable variable selling expenses and the anticipated costs to completion.

Development cost of properties comprises cost of land use rights, construction costs, borrowing costs and professional fees incurred during the development period. On completion, the properties are transferred to completed properties held for sale.

Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

## 2. 重要會計政策概要(續)

### 2.15 政府補助／補貼

假若可合理地確定本集團將獲得政府補助／補貼，以及符合所有附帶之條件，政府補助／補貼以公平值確認入賬。

與資產有關之政府補助／補貼乃於扣減補助以得出資產賬面值後在資產負債表呈列。

有關搬遷賠償之政府補助／補貼遞延處理，並於搬遷進行之期間在綜合收益表中確認。

### 2.16 存貨

存貨以成本及可變現淨值的較低者列賬。成本以加權平均法釐定。產成品及在產品的成本包括原材料、直接勞工、其他直接成本及相關間接生產費用(根據正常經營能力計算)，而不包括借款費用。可變現淨值為日常業務過程中的估計售價(扣除適用可變銷售費用)。

### 2.17 發展中物業

發展中物業按成本與可變現淨值之較低者列賬。可變現淨值考慮最終預期將會變現之價格，並扣除適用可變銷售開支及預計完成成本。

物業之發展成本包括於發展期內產生之土地使用權成本、建築成本、借款成本及專業費用。於落成時，該等物業乃轉撥至已落成待售物業。

發展中物業乃分類為流動資產，除非相關物業發展項目之建築期預期會於經營週期之後完成。

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.18 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade and other receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

### 2.19 Cash and cash equivalents

In the consolidated cash flow statement, cash and cash equivalents include cash in hand and deposits held at call with banks.

### 2.20 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### 2.21 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

## 2. 重要會計政策概要(續)

### 2.18 應收貿易款項及其他應收賬款

應收貿易款項為在日常業務過程中就售出商品或所提供服務應收客戶之款項。倘應收貿易款項及其他應收賬款預期可於一年或之內收款(或倘時間更長,則在業務正常營運周期),則分類為流動資產。倘未能於一年或之內收款,則以非流動資產呈列。

應收貿易款項及其他應收賬款初步按無條件代價金額確認,除非其包含重大融資成分,並按公平值確認。本集團持有應收貿易款項及其他應收賬款,目的是收取合約現金流量,因此以實際利率法按攤銷成本計量。

### 2.19 現金及現金等值物

在綜合現金流量表中,現金及現金等值物包括手頭現金及銀行通知存款。

### 2.20 股本

普通股分類為權益。

與發行新股或購股權直接有關的增量成本,列入權益作為所得款項的減值(扣除稅項)。

### 2.21 應付貿易款項

應付貿易款項為在日常業務過程中自供應商收購商品或服務之付款責任。倘應付賬款於一年或之內到期(或倘時間更長,則在業務正常營運周期),則分類為流動負債。倘並非於一年或之內到期,則以非流動負債呈列。

應付貿易款項最初按公平值確認,其後以實際利率法按攤銷成本計量。

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.22 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

### 2.23 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### 2.24 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

#### (a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

## 2. 重要會計政策概要(續)

### 2.22 借貸

借貸最初按公平值(扣除已產生之交易成本)確認。借貸其後按攤銷成本列賬，如扣除交易成本後之所得款項及贖回價值出現差額，則於借貸期內以實際利率法在綜合收益表內確認。

除非本集團有權無條件將債務結算日期遞延至報告期末後至少12個月，否則借貸分類為流動負債。

### 2.23 借貸成本

直接歸屬於購建或生產合資格資產(該等資產需經較長時間方能達至擬定用途或出售狀態)的一般及特定借款成本，計入該等資產之成本，直至大致達至其擬定用途或出售狀態為止。

在特定借貸撥作合資格資產支出前之暫時投資所賺取之投資收入，須自合資格資本化之借貸成本中扣除。

所有其他借貸成本於其產生期間於損益確認。

### 2.24 即期及遞延所得稅

期內稅項開支包括即期及遞延稅項。稅項在綜合收益表中確認，除非其涉及其他全面收益或直接在權益中確認之項目。在此情況下，稅項亦分別在其他全面收益或直接在權益中確認。

#### (a) 即期所得稅

即期所得稅費用根據於結算日本公司之附屬公司經營並獲得應課稅收入所在的國家已經頒佈或實際上已頒佈的稅法計算。管理層定期評估適用稅法規定之情況下的納稅申報情況，並且就應付稅務機關的金額作出適當撥備。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.24 Current and deferred income tax (Continued)

(b) Deferred income tax

*Inside basis differences*

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill and deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

*Outside basis differences*

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from associate's undistributed profits is not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries and associates only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

2. 重要會計政策概要(續)

2.24 即期及遞延所得稅(續)

(b) 遞延所得稅

*內在基準差異*

遞延所得稅以負債法就資產及負債的評稅基準與其於綜合財務報表內的賬面值兩者間的暫時差異予以確認。然而，倘遞延稅項負債源自初步確認商譽則不予確認。此外，倘遞延所得稅來自進行交易時初始確認的資產或負債(如屬業務合併則除外)而於進行交易之時並不影響會計或應課稅溢利或虧損，則不確認遞延所得稅。遞延所得稅乃根據於結算日前已頒佈或實際上已頒佈而預期當有關遞延所得稅資產已變現後或遞延所得稅負債已清償後將應用的有關稅率(及法例)釐定。

遞延所得稅資產只會於未來應課稅溢利有可能用作抵銷暫時差異時才會確認。

*外在基準差異*

遞延所得稅負債須就投資於附屬公司及聯營公司而引致的應課稅暫時差異作出撥備，惟集團可控制暫時差異會在何時轉回，且暫時差異很可能不會在可見的未來轉回的遞延所得稅負債則除外。本集團一般無法控制聯營公司臨時差異之撥回，僅於可見將來訂立協議賦予本集團能力，可控制臨時差異之撥回，源於聯營公司未分派溢利之應課稅臨時差異之遞延稅項負債不予確認。

僅於暫時差額可能將於日後撥回，且有充足之應課稅溢利而動用暫時差額，方會就於附屬公司及聯營公司投資產生之可扣減暫時差額，確認遞延所得稅資產。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.25 Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(b) Pension obligations (defined contribution plans)

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(c) Bonus plan

The Group recognises a provision for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

2. 重要會計政策概要(續)

2.25 僱員福利

(a) 僱員所享有假期

僱員所享有的年假當僱員可享有時確認，並因應僱員截至結算日所提供服務而就年假的估計承擔金額作出撥備。僱員所享有的病期及產假於休假時方會確認。

(b) 退休金承擔(定額供款計劃)

定額供款計劃為一項本集團向一個獨立實體支付固定供款之退休金計劃。倘該基金並無持有足夠資產，向所有僱員就其在當期及以往期間之僱用服務提供福利，則本集團亦無法定或推定責任作出進一步供款。

本集團以強制、合約或自願基準向公營或私營管理的退休保險計劃作出供款。一旦作出供款，本集團並無進一步付款責任。該等供款於到期時確認為僱員福利開支。預繳供款確認為資產，惟須以可獲現金退款或扣減日後供款為限。

(c) 花紅計劃

本集團於合同規定或由過往做法產生推定責任時就花紅確認撥備。



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.26 Share-based payments

#### Equity-settled share-based payment transactions

The Group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or hold shares for a specified period of time).

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (and share premium).

## 2. 重要會計政策概要(續)

### 2.26 以股份為基礎之付款

#### 以權益結算以股份為基礎之付款交易

本集團設有一項以權益結算以股份為基礎之酬金計劃，據此，實體視僱員所提供服務為本集團權益工具(購股權)的代價。僱員就獲授購股權所提供服務的公平值確認為開支。將予支銷總金額參照所授出購股權的公平值而釐定：

- 包括任何市場表現條件，例如實體的股價；
- 不包括任何服務及非市場表現歸屬條件的影響，例如盈利能力、銷售增長目標及在特定時限內留聘實體僱員；及
- 包括任何非歸屬條件的影響，例如在特定時限內規定僱員儲蓄或持有股份。

於各報告期末，本集團根據非市場表現及服務條件修訂對預期歸屬之購股權數目所作之估計，並在綜合收益表確認修訂原來估計產生之影響(如有)，並對權益作出相應調整。

此外，在部分情況下，僱員可在授出日期之前提供服務，故授出日期的公平值就確認服務開始期與授出日期的期間內的開支作出估計。

本公司於購股權獲行使時發行新股份。所收款項(扣除任何直接應計交易成本)會撥入股本(及股份溢價)。

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.27 Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

### 2.28 Revenue recognition

#### (a) Sales of goods

The Group manufactures and sells yarns, grey fabrics and garment fabrics as well as garments in the market. Sales are recognised when control of the products has transferred, being when the customer has inspected and accepted the products. The Group does not expect to have any contracts where the period between the transfer of the promised goods to the customer and payment by the customer exceeds one year. Delivery occurs when the products have been shipped to the specific location.

If discount is granted to customers, revenue from these sales is recognised based on the price specified in the contract, net of the estimated discounts. Accumulated experience is used to estimate and provide for the discounts, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. No significant financing component is deemed present as the sales are made with a credit term of less than 90 days to its customers in Mainland China and 120 days to its customers in other countries, which is consistent with market practice.

## 2. 重要會計政策概要(續)

### 2.27 撥備

倘本集團因過往事件而有現時法律或推定責任，並可能須動用資源履行有關責任，且能可靠估計相關金額，則確認撥備。撥備不就未來營運虧損確認。

如有多項類似責任，其需要在償付中流出資源的可能性根據責任的類別整體考慮。即使同一責任類別所包含的任何一個項目相關的資源流出的可能性極低，仍須確認撥備。

撥備以預期用以償付責任的開支，按反映當時市場對金錢時間價值的評估及該責任的特有風險的稅前費率計算的現值計量。因時間過去而增加的撥備確認為利息開支。

### 2.28 收益確認

#### (a) 貨品銷售

本集團製造及在市場銷售紗線、坯布、面料及服裝。銷售於產品的控制權轉移時(即客戶已驗收產品時)確認。本集團預期於轉交承諾的產品予客戶時至客戶付款起過一年期間並無任何合約。於產品已運送至指定地點時即屬交付落實。

倘向客戶授予折扣，該等銷售的收入乃基於合約規定的價格，經扣除估計折扣後確認。本公司使用累積的經驗估計及提供折扣，且收益僅於重大撥回極大可能不會產生時確認。於如予中國大陸客戶的銷售之信貸期少於90日，其他國家客戶則為120日，符合市場慣例，故不會被視為存在重大融資成分。

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.28 Revenue recognition (Continued)

#### (a) Sales of goods (Continued)

A receivable is usually recognised when revenue recognised as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

If the payments exceed the value of the goods sold, a contract liability is recognised.

#### (b) Interest income

Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in the consolidated income statement as part of other income. Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

### 2.29 Leases

As explained in Note 2.2 above, the Group has changed its accounting policy for leases where the Group is the lessee. The new policy is described below and the impact of the change in Note 2.2.

Until 31 December 2018, leases in which a significant portion of the risks and rewards of ownership were retained by the lessor were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to the consolidated income statement on a straight-line basis over the period of the lease.

## 2. 重要會計政策概要(續)

### 2.28 收益確認(續)

#### (a) 貨品銷售(續)

應收款項通常於收益確認時確認，原因是收取代價之權利於這時間點變為無條件，僅須待時間過去便可收取付款。

倘付款超過所售商品的價值，則確認合同責任。

#### (b) 利息收入

按實際利率法計算的按攤銷成本列賬的金融資產的利息收入在綜合收益表中確認為其他收入的一部分。利息收入呈列為財務收入，其來自為現金管理目的而持有的金融資產。任何其他利息收入均包括在其他收入中。

利息收入乃對一項金融資產賬面總值應用實際利率予以計算，惟其後出現信貸減值的金融資產除外。就出現信貸減值的金融資產，實際利率適用於金融資產的賬面淨值(扣除虧損撥備後)。

### 2.29 租賃

如附註2.2所述，本集團已更改其作為承租人的租賃會計政策。下述對新政策和附註2.2所述變化的影響進行了說明。

直至二零一八年十二月三十一日，凡擁有權的大部分風險及回報仍歸出租人所有的租賃，均列作經營租賃。根據經營租賃的付款(扣除出租人給予的任何優惠)在租期內以直線法自綜合收益表扣除。

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.29 Leases (Continued)

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group had substantially all the risks and rewards of ownership were classified as finance leases. Finance leases were capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment was allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, were included in finance lease obligations. The interest element of the finance cost was charged to the consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases was depreciated over the shorter of the useful life of the asset and the lease term.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments).

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

## 2. 重要會計政策概要(續)

### 2.29 租賃(續)

本集團租賃若干物業、廠房及設備。如本集團大致上承受擁有權的所有風險和回報，則物業、廠房及設備的租賃歸類為融資租賃。融資租賃在租賃開始時，按租賃物業的公平值與最低租賃付款現值兩者之中較低者資本化。每項租金均分攤為負債及財務支出。相應租金責任在扣除財務支出後計入融資租賃承擔。財務成本的利息部分於租賃期內在綜合收益表中支銷，以計算出每期剩餘負債的固定周期利率。根據融資租賃而獲得的物業、廠房及設備按資產的可使用年期與租賃期兩者之中較短者進行折舊。

自二零一九年一月一日起，租賃於租賃資產可供本集團使用之日確認為使用權資產及相應負債。

租賃產生的資產及負債初步按現值計量。租賃負債包括固定付款(包括實質固定付款)的淨現值。

根據合理確定的延期選擇支付的租賃款也包括在負債計量中。

租賃付款額按照租賃內含利率貼現。如果無法確定該利率(此情況普遍存在於本集團租賃中)，則應採用承租人的增量借款利率，即個別承租人為在類似經濟環境下獲得價值相近的資產，以類似條款和條件借入資金而必須支付的利率。

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.29 Leases (Continued)

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability, and
- any lease payments made at or before the commencement date less any lease incentives received

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

## 2. 重要會計政策概要(續)

### 2.29 租賃(續)

為釐定遞增借款利率，本集團：

- 在可能情況下，使用個別承租人最近獲得的第三方融資為出發點作出調整以反映自獲得第三方融資以來融資條件的變動
- 使用累加法，首先就本集團所持有租賃的信貸風險(最近並無第三方融資)調整無風險利率；及
- 進行特定於租約的調整，例如期限、國家、貨幣及抵押。

租賃付款於本金及融資成本之間作出分配。融資成本在租賃期間於損益扣除，藉以令各期間的債餘額的期間利率一致。

使用權資產按成本計量，包括以下各項：

- 租賃負債的初步計量金額；及
- 於開始日期或之前所作的任何租賃付款減任何已收租賃優惠

使用權資產一般按資產的可使用年期與租賃期兩者之中較短者以直線法進行折舊。倘本集團合理確定行使採購選擇權，則使用權資產於相關資產的可使用年期內予以折舊。本集團對物業、廠房及設備中呈列的土地及樓宇進行重估，但對於本集團持有的使用權樓宇則不予重估。

與設備及汽車短期租賃及低價值資產所有租賃相關的付款以直線法於損益確認為開支。短期租賃指租賃期為12個月或以下的租賃。低價值資產包括資訊科技設備及小型辦公傢俬。

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**2.30 Earnings per share**

**(a) Basic earnings per share**

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

**(b) Diluted earnings per share**

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

**2.31 Dividend distribution**

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, when appropriate.

**2. 重要會計政策概要(續)**

**2.30 每股盈利**

**(a) 每股基本盈利**

每股基本盈利之計算方法為：

- 歸屬於公司擁有人之溢利，不包括普通股以外之任何支付權益成本除
- 於財政年度內已發行普通股之加權平均數，就年內發行之普通股之紅利元素作出調整以及並不包括庫存股份。

**(b) 每股攤薄盈利**

每股攤薄盈利調整釐定每股基本盈利時所使用之數字以計及：

- 與潛在攤薄普通股有關之利息及其他融資成本之除所得稅後影響；及
- 假設所有潛在攤薄普通股換股，則將為已發行之額外普通股加權平均數。

**2.31 股息分派**

向本公司股東分派的股息在股息獲本公司股東或董事(倘適用)批准的期間於本集團及本公司的財務報表內確認為負債。



### 3. FINANCIAL RISK MANAGEMENT

#### 3.1 Financial risk factors

The Group's activities expose it to a variety of financial risk (including foreign exchange risk, price risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain of its risk exposures on changes in interest rates.

#### (a) Market risk

##### (i) Foreign exchange risk

The Group mainly operates in Mainland China and Vietnam. Most of the Group's transactions, assets and liabilities are dominated in RMB or United States dollars ("USD"). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Group is exposed to foreign exchange risk primarily through pledged bank deposits, cash and cash equivalents, trade and bills receivables, trade and bills payables, and borrowings that are denominated in a currency other than the functional currency of the relevant group entity. It manages its foreign exchange risks by performing regular review and monitoring of its foreign exchange exposures and purchase of foreign currency forward contracts (Note 20). In 2019, the Group has entered into the forward foreign exchange contracts and cross currency swap contracts to manage the expected depreciation of RMB against USD or HKD.

At 31 December 2019, if RMB had weakened/strengthened by 1.6% (2018: 5.0%) against USD with all other variable held constant, post-tax profit for the year would have been RMB36,976,000 (2018: RMB137,760,000) lower/higher, mainly as a result of the net foreign exchange losses/gains on translation of USD-denominated pledged bank deposits, cash and cash equivalents, trade and bills receivables, trade and bills payables, and borrowings.

### 3. 財務風險管理

#### 3.1 財務風險因素

本集團的業務面對多種財務市場風險(包括外匯風險、價格風險、現金流量及公平值利率風險)、信貸風險及流動資金風險。本集團的風險管理著重金融市場的不可預計因素，並尋求將可能對本集團財政表現產生負面影響的因素降至最低。本集團利用衍生金融工具以對沖利率變動而產生的若干風險。

#### (a) 市場風險

##### (i) 外匯風險

本集團主要在中國大陸及越南營運。本集團大部分交易、資產及負債以人民幣或美元(「美元」)計值。外匯風險來自於未來海外業務中的商業貿易、已確認資產及負債及投資淨額。本集團面對的外匯風險，主要來自已抵押銀行存款、現金及現金等值物、應收貿易及票據款項、應付貿易及票據款項及借貸，因前述各項均以相關集團實體之功能貨幣以外之貨幣結算。本集團進行定期檢討及監察其外匯敞口和購買遠期外匯合約(附註20)以管理其外匯風險。於二零一九年，本集團已簽訂遠期外匯合約及交叉貨幣掉期合約以管理人民幣兌美元或港元的預期貶值。

於二零一九年十二月三十一日，倘人民幣兌美元的匯率貶值/升值1.6%(二零一八年：5.0%)，而所有其他可變因素維持不變，則年內稅後溢利將會減少/增加人民幣36,976,000元(二零一八年：人民幣137,760,000元)，主要由於匯兌以美元列示的已抵押銀行存款、現金及現金等值物、應收貿易及票據款項、應付貿易及票據款項以及借貸產生的外匯虧損/收益淨額所致。

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

At 31 December 2019, if RMB had weakened/strengthened by 2.2% (2018: 4.8%) against HKD with all other variable held constant, post-tax profit for the year would have been RMB114,963,000 (2018: RMB162,859,000) lower/higher, mainly as a result of the net foreign exchange losses/gains on translation of HKD-denominated pledged bank deposits, cash and cash equivalents, trade and bills receivables, trade and bills payables, and borrowings.

(ii) Price risk

The Group is exposed to raw material price risk because of the volatility of the price of main raw material, cotton. The management of the Group analyze the trend of raw material price on weekly basis. To manage its price risk, the Group has entered into the cotton future contracts and decide to enter long term contracts to mitigate the impact from raw material price changes, and diversify the suppliers if they expect significant fluctuation in the future.

(iii) Cash flow and fair value interest rate risk

Except for pledged bank deposits and cash at bank (Note 15), the Group has no significant interest-bearing assets. The Group's income and operating cash flows are substantially independent of changes in market interest rates. Management does not anticipate significant impact resulted from changes in interest rates on interest bearing assets.

The Group's interest-rate risk arises from borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest-rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest-rate risk. As at 31 December 2019, approximately 22% (2018: 27%) of the Group's borrowings were at fixed rates and the remaining were at floating rates.

3. 財務風險管理(續)

3.1 財務風險因素(續)

(a) 市場風險(續)

(i) 外匯風險(續)

於二零一九年十二月三十一日，倘人民幣兌港元的匯率貶值／升值2.2%（二零一八年：4.8%），而所有其他可變因素維持不變，則年內稅後溢利將會減少／增加人民幣114,963,000元（二零一八年：人民幣162,859,000元），主要由於匯兌以港元列示的已抵押銀行存款、現金及現金等值物、應收貿易及票據款項、應付貿易及票據款項以及借貸產生的外匯虧損／收益淨額所致。

(ii) 價格風險

本集團所面對的原材料價格風險乃由於主要原材料——棉花的價格波動所致。本集團管理層每週分析原材料的價格趨勢。倘彼等預期日後將出現大幅波動，為控制該價格風險，本集團已訂立棉花期貨合約並決定訂立長期合約，以降低原材料價格變動及供應商分散的影響。

(iii) 現金流量及公平值利率風險

除已抵押銀行存款及銀行現金（附註15）外，本集團並無其他重大計息資產。大部分本集團的收入及經營現金流量均獨立於市場利率變動。管理層預期計息資產的利率變動將不會產生重大影響。

本集團的利率風險來自借貸。按浮息計息的借貸令本集團面對現金流量利率風險，按定息計息的借貸則令本集團面對公平值利率風險。於二零一九年十二月三十一日，本集團約22%（二零一八年：27%）之借貸為定息，其餘為浮息。

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(iii) Cash flow and fair value interest rate risk (Continued)

The Group manages certain of its cash flow and fair value interest rate risk by purchasing cross currency swap contracts. Such cross currency swaps have the economic effect of converting borrowings from floating rates to fixed rates. As at 31 December 2019 and 2018, the Group in substance converted majority of its borrowings from floating rates to fixed rates through purchasing cross currency swap contracts. So there is no significant interest rate risk for the Group.

(b) Credit risk

The Group has more than 5,000 customers and does not rely on the orders from certain customers. So the Group has no significant concentration of credit risk. The carrying amounts of pledged bank deposits, cash and cash equivalents, trade and bills receivables and prepayments, deposits and other receivables represent the Group's maximum exposure to credit risk in relation to its financial assets.

The Group generally grants credit terms of less than 90 days to its customers in Mainland China and 120 days to its customers in other countries. The Group's management performs periodic credit evaluations/reviews of its customers and ensure that sales are made to customers with an appropriate credit history. The Group places deposits with major banks in Mainland China and Hong Kong, to limit the amount of credit exposure to any financial institution.

Trade and bills receivables, and other receivables are subject to the expected credit loss model.

To lower the Group's exposure to credit risk, the Group may request 5% deposits from certain of their customers before delivery of goods. In addition, 100% (2018: 100%) of the bills receivable of the Group are endorsed by banks as at 31 December 2019.

3. 財務風險管理(續)

3.1 財務風險因素(續)

(a) 市場風險(續)

(iii) 現金流量及公平值利率風險(續)

本集團透過購買貨幣掉期互換合約而管理其若干現金流量及公平值利率風險。該貨幣掉期互換之經濟影響為將借貸由浮息轉為定息。於二零一九年及二零一八年十二月三十一日，本集團實質上通過購買貨幣掉期互換合約將其大多數借貸由浮息轉為定息。因此本集團無重大利率風險。

(b) 信貸風險

本集團有超過5,000名客戶，並不倚賴若干客戶的訂單。故此，本集團並無重大集中信貸風險。已抵押銀行存款、現金及現金等值物、應收貿易及票據款項以及預付款項、按金及其他應收賬款的賬面值指本集團就其金融資產所須面對的最大信貸風險。

本集團通常授出少於90日的信貸期予中國大陸的客戶，以及授出少於120日的信貸期予其他國家的客戶。本集團管理層定期對其客戶進行信貸評估／檢討，並確保僅向具良好信貸記錄之客戶銷貨。本集團將存款存於中國大陸及香港的主要銀行，以限制承擔任何一間金融機構的信貸風險。

應收貿易及票據款項及其他應收款項須遵守預期信貸虧損模式。

為降低本集團所面對之信貸風險，本集團可能在交付貨品前要求若干客戶提供5%之按金。另外，於二零一九年十二月三十一日，100% (二零一八年：100%)之本集團應收票據由銀行背書。

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

*Impairment of trade receivables*

The Group has trade receivables from sales of products that are subject to HKFRS 9's new expected credit loss model. The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables from initial recognition. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the ageing days. The expected loss rates are based on the payment profiles of sales over a period of 36 month before 31 December 2019 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. On that basis, the loss allowance as at 31 December 2019 and 31 December 2018 was determined as follows for trade receivables:

3. 財務風險管理(續)

3.1 財務風險因素(續)

(b) 信貸風險(續)

*應收貿易賬款減值*

本集團有須遵守香港財務報告準則第9號的新預期信貸虧損模式的產品銷售貿易應收賬款。本集團採用香港財務報告準則第9號簡化方法計量預期信貸虧損，於初步確認時，為所有貿易應收賬款撥備整個存續期內的預期虧損。為計量預期信貸虧損，貿易應收賬款已根據攤佔信貸風險特點及賬齡分類。預期虧損率基於二零一九年十二月三十一日前36個月期間銷售的付款情況及本期間內出現的相應過往虧損。過往虧損率作出調整以反映影響客戶結算應收款項能力的宏觀經濟因素的當前及前瞻性資料。按此基準，於二零一九年十二月三十一日及二零一八年十二月三十一日的貿易應收賬款虧損撥備乃釐定如下：

		Within 180 days 180日以內 RMB'000 人民幣千元	181 days to 1 year 181日至1年 RMB'000 人民幣千元	Over 1 year 超過1年 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
<b>At 31 December 2019</b>	於二零一九年 十二月三十一日				
Gross carrying amount	賬面總值	798,178	9,694	9,871	817,743
Expected loss rate	預期虧損率	0.05%	25%	75%	1.25%
Loss allowance	虧損撥備	399	2,424	7,403	10,226

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### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### (b) Credit risk (Continued)

##### Impairment of trade receivables (Continued)

		Within 180 days 180日以內 RMB'000 人民幣千元	181 days to 1 year 181日至1年 RMB'000 人民幣千元	Over 1 year 超過1年 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
<b>At 31 December 2018</b>	<b>於二零一八年 十二月三十一日</b>				
Gross carrying amount	賬面總值	771,762	10,614	4,731	787,107
Expected loss rate	預期虧損率	0.05%	25%	75%	0.84%
Loss allowance	虧損撥備	386	2,654	3,548	6,588

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

##### Net impairment losses on financial assets recognised in profit or loss

During the year, losses of RMB3,638,000 (2018: gains of RMB553,000) are recognised in net (accrual)/reversal of impairment losses on financial assets.

應收貿易賬款的減值虧損於經營溢利內呈列為減值虧損淨額。其後收回先前已撇銷的金額於則計入同一項目。

##### 於損益確認的金融資產減值虧損淨額

年內，人民幣3,638,000元(二零一八年：人民幣553,000元的收益)的虧損於(預提)/撥回金融資產減值虧損淨額確認。

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### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### (c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group aims to maintain flexibility in funding by keeping committed credit lines available. Details of the undrawn borrowing facilities available to the Group are disclosed in Note 19 to the consolidated financial statements.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

		Less than 1 year 少於一年 RMB'000 人民幣千元	Between 1 and 2 years 一年至兩年 RMB'000 人民幣千元	Between 2 and 5 years 兩年至五年 RMB'000 人民幣千元	More than 5 years 五年以上 RMB'000 人民幣千元
<b>At 31 December 2019</b>	<b>於二零一九年 十二月三十一日</b>				
Borrowings	借貸	3,359,616	2,904,576	2,020,431	—
Interest payable on borrowings	借貸應付利息	279,116	156,926	62,242	—
Derivative financial instruments	衍生金融工具	29,530	—	—	—
Trade and bills payables	應付貿易及票據款項	3,035,868	—	—	—
Accruals and other payables (excluding non-financial liabilities)	預提費用及其他應付賬款 (不包括非金融負債)	408,106	—	—	—
Lease liabilities	租賃負債	41,365	36,662	64,569	53,519
Long-term payables	長期應付款項	105,693	120,236	30,726	—
		<b>7,259,294</b>	<b>3,218,400</b>	<b>2,177,968</b>	<b>53,519</b>
<b>At 31 December 2018</b>	<b>於二零一八年 十二月三十一日</b>				
Borrowings	借貸	2,252,547	2,455,826	2,419,361	—
Interest payable on borrowings	借貸應付利息	223,175	142,120	58,125	—
Derivative financial instruments	衍生金融工具	89,468	—	—	—
Trade and bills payables	應付貿易及票據款項	3,522,714	—	—	—
Accruals and other payables (excluding non-financial liabilities)	預提費用及其他應付賬款 (不包括非金融負債)	413,160	—	—	—
Finance lease obligations	融資租賃承擔	885	—	—	—
Long-term payables	長期應付款項	29,329	67,012	63,666	—
		<b>6,531,278</b>	<b>2,664,958</b>	<b>2,541,152</b>	<b>—</b>

### 3. 財務風險管理(續)

#### 3.1 財務風險因素(續)

##### (c) 流動資金風險

本集團採取審慎的流動資金風險管理，透過高質素的充裕信貸融資保持足夠現金及可動用的資金。本集團旨在透過維持充裕信貸融資，以保持資金之靈活彈性。有關本集團的未動用借貸融資詳情於綜合財務報表附註19中披露。

下表載列本集團的金融負債分析，此乃按相關到期組別並根據由結算日至合約到期日的剩餘期間進行分析。表內披露的金額為合約性未貼現的現金流量。



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### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### 3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet), finance lease obligations and long-term payables less pledged bank deposits and cash and total equivalents. Total capital is calculated as 'total equity' as shown in the consolidated balance sheet less non-controlling interests plus net debt.

The net gearing ratios at 31 December 2019 and 2018 are as follows:

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Total borrowings (Note 19)	借貸總額(附註19)	8,284,623	7,127,734
Lease liabilities (Note 8)	租賃負債(附註8)	171,156	-
Finance lease obligations (Note 21)	融資租賃承擔(附註21)	-	831
Long-term payables (Note 22)	長期應付款項(附註22)	238,784	145,188
Less: pledged bank deposits and cash and cash equivalents (Note 15)	減：已抵押銀行存款及現金及現金等值物(附註15)	(1,852,337)	(1,199,740)
Net debt	負債淨額	6,842,226	6,074,013
Total equity excluding non-controlling interests	總股東權益，扣除非控制性權益	7,473,456	6,738,637
Total capital	資本總額	14,315,682	12,812,650
Net gearing ratio	淨資產負債比率	48%	47%

The net debt to equity ratio increased from 47% to 48% following the adoption of HKFRS 16 Leases. Both net debt and gross assets increased following the recognition of right-of-use assets and lease liabilities on 1 January 2019. See Note 2.2 for further information.

### 3. 財務風險管理(續)

#### 3.2 資金風險管理

本集團管理資金的目標為保障本集團持續經營的能力，為股東帶來回報及為其他權益持有人帶來利益，並維持理想資本結構以減少資本成本。

為維持或調整資本結構，本集團或會調整向股東派付股息金額或發行新股份。

與業內其他公司一樣，本集團利用資產負債比率監察資本。此比率以負債淨額除以資本總額計算。負債淨額以借貸總額(包括綜合資產負債表內列示之「流動及非流動借貸」、融資租賃承擔及長期應付賬款減已抵押銀行存款及現金及現金等值物計算。資本總額以綜合資產負債表內列示之「總股東權益」扣除非控制性權益加負債淨額計算。

於二零一九年及二零一八年十二月三十一日之淨資產負債比率如下：

採納香港財務報告準則第16號租賃後，負債淨額權益比率由47%上升至48%。於二零一九年一月一日確認使用權資產及租賃負債後，負債淨額及總資產均有所增加。進一步資料，請參見附註2.2。

3. FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation

(i) Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

As at 31 December 2019 and 2018, the Group held forward foreign exchange contracts, cross currency swap contracts and cotton future contracts. These forward foreign exchange contracts have been fair valued using forward exchange rates that are quoted in an active market. Cross currency swaps are fair valued using forward exchange rates that are quoted in an active market and interest rates extracted from observable yield curves. Cotton future contracts are fair valued using forward cotton price that are quoted in an active market. The effects of discounting are generally insignificant for Level 2 derivatives.

3. 財務風險管理(續)

3.3 公平值估計

(i) 公平值等級

下表以估值法分析按公平值列賬之金融工具，各等級分析如下：

- 相同資產或負債之活躍市場報價(未經調整)(第一級)。
- 除所報價格(計入第一級)外，資產或負債之直接(如價格)或間接(如源自價格者)可觀察輸入資料(第二級)。
- 並非根據可觀察市場數據釐定之資產或負債輸入資料(即不可觀察輸入資料)(第三級)。

於二零一九年及二零一八年十二月三十一日，本集團持有遠期外匯合約、交叉貨幣掉期合約及棉花期貨合約。該等遠期外匯合約以活躍市場報價的遠期匯率計算公平值。交叉貨幣掉期乃使用活躍市場報價的遠期匯率及從可觀察收益曲線摘錄的利率計算公平值。棉花期貨合約乃使用活躍市場報價的遠期棉花價格計算公平值。折現一般對第二級衍生工具並無重大影響。

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### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### 3.3 Fair value estimation (Continued)

##### (i) Fair value hierarchy (Continued)

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2019 and 2018:

		Level 1 第一級 RMB'000 人民幣千元	Level 2 第二級 RMB'000 人民幣千元	Level 3 第三級 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
<b>At 31 December 2019</b>	於二零一九年 十二月三十一日				
<b>Assets</b>	<b>資產</b>				
Derivative financial instruments	衍生金融工具	-	287,435	-	287,435
<b>Liabilities</b>	<b>負債</b>				
Derivative financial instruments	衍生金融工具	-	29,530	-	29,530

		Level 1 第一級 RMB'000 人民幣千元	Level 2 第二級 RMB'000 人民幣千元	Level 3 第三級 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
<b>At 31 December 2018</b>	於二零一八年 十二月三十一日				
<b>Assets</b>	<b>資產</b>				
Derivative financial instruments	衍生金融工具	-	145,220	-	145,220
<b>Liabilities</b>	<b>負債</b>				
Derivative financial instruments	衍生金融工具	-	89,468	-	89,468

##### (ii) Valuation techniques used to determine fair values

Level 2 debt investments are fair valued using a discounted cash flow approach, which discounts the contractual cash flows using discount rates derived from observable market prices of other quoted debt instruments of the counterparties.

### 3. 財務風險管理(續)

#### 3.3 公平值估計(續)

##### (i) 公平值等級(續)

下表載列本集團於二零一九年及二零一八年十二月三十一日按公平值計量之資產及負債：

##### (ii) 釐定公平值所用之估值方法

第二級債務投資利用貼現現金流量法評估公平值，其使用對手方其他所報債務工具的可觀察市價所得貼現率將合約現金流量貼現。

#### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### 4.1 Estimated useful lives and residual values of property, plant and equipment

The Group's management determines the estimated useful lives and residual values and consequently the related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change as a result of technical innovations and competitors action in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives, and actual residual values may differ from estimated residual values. Periodic reviews could result in a change in depreciable lives and residual values and therefore changes in depreciation expenses in the future periods.

##### 4.2 Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of technical innovations, changes in customer taste and competitor actions in response to severe industry cycle. Management reassesses these estimates at each balance sheet date.

#### 4. 關鍵會計估計及判斷

各項估計及判斷均持續評估，並根據歷史經驗及其他因素(包括於各種情況下對未來事件被認為合理之預期)評估。各項估計及判斷均持續評估，並根據歷史經驗及其他因素(包括於各種情況下對未來事件被認為合理之預期)評估。

本集團作出有關未來情況的估計及假設，按照定義，會計估計結果一般將不會相等於有關實際結果。估計及假設對於就下一個財政年度內的資產及負債賬面值作出重大調整而構成的重大風險如下。

##### 4.1 物業、廠房及設備之估計可使用年期及剩餘價值

本集團之管理層釐定其物業、廠房及設備之估計可使用年期及剩餘價值以及相關折舊費用。該估計乃根據類似性質及功能之物業、廠房及設備之實際可使用年期之過往經驗而釐定，並可能因技術創新及競爭對手為回應嚴峻行業週期採取之行動而有改變。當可使用年期少於先前之估計年期，管理層將增加折舊費用，或將撇銷或撇減已報廢或出售之技術廢舊或非策略性資產。實際經濟年期可能與估計之可使用年期不同，而實際剩餘價值可能與估計之剩餘價值不同。定期檢討可能使可折舊年期及剩餘價值出現變動，因而引致未來期間之折舊開支有變。

##### 4.2 存貨之可變現淨值

存貨之可變現淨值乃經扣除完成之估計成本及銷售開支後之日常業務估計售價。該等估計乃基於現行市況及製造與銷售性質類似產品之過往經驗而定，可能會因技術創新、客戶喜好改變及競爭對手為回應嚴峻行業週期採取之行動而出現重大變動。管理層於各結算日重新評估該等估計。

**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)****4.3 Impairment of trade, bills and other receivables**

The Group's management determines the provision for impairment of trade, bills and other receivables based on the expected credit losses which uses a lifetime expected loss allowance for all trade, bills and other receivables. The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. Management uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Management reassesses the provision at each balance sheet date.

**4.4 Income taxes and deferred income tax**

The Group is subject to income taxes in several jurisdictions. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers it is likely that future taxable profits will be available against which the temporary differences or tax losses can be utilised. When the expectations are different from the original estimates, such differences will impact the recognition of deferred tax assets and income tax charges in the period in which such estimates have been changed.

**5. SEGMENT INFORMATION**

The chief operating decision-maker has been identified as the Committee of Executive Directors of the Company. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Committee of Executive Directors reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

**4. 關鍵會計估計及判斷 (續)****4.3 應收貿易及票據款項以及其他應收賬款減值**

本集團管理層根據預期信貸虧損釐定應收貿易及票據款項以及其他應收賬款減值撥備，而對所有應收貿易及票據款項以及其他應收賬款使用整個存續期的預期虧損撥備。金融資產的虧損撥備基於對違約風險及預期虧損率的假設。於各報告期末，管理層根據本集團過往歷史、當前市場狀況及前瞻性估計，通過判斷作出該等假設及選擇減值計算之輸入數據。管理層於各結算日重新評估撥備。

**4.4 所得稅及遞延所得稅**

本集團須於若干司法管轄區繳納所得稅。在釐定所得稅撥備時，需要作出重大判斷。在正常業務過程中，有許多交易和計算所涉及的最終稅務釐定都是不確定的。本集團根據估計附加稅是否將到期而確認預期發出的審核稅負債。倘該等事項的最終稅務後果與最初記錄金額不同，差額將影響作出此等釐定期間的所得稅及遞延稅項撥備。

凡管理層認為日後極可能有應課稅溢利用作抵銷暫時差額或稅項虧損，則若干暫時差額及稅項虧損有關的遞延稅項資產將予確認。倘預期金額與原定估計不同，則該差額將會影響該估計出現變動期間的遞延稅項資產及所得稅支出的確認。

**5. 分部資料**

主要經營決策者被視為本公司執行董事委員會。經營分類以向主要經營決策者提供內部呈報一致的形式呈報。執行董事委員會審閱本集團之內部申報，以評估表現及分配資源。管理層已根據該等報告釐定經營分類。

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### 5. SEGMENT INFORMATION (Continued)

The Committee of Executive Directors considers the business from both a product and geographical perspective. From a product perspective, management assesses the performance from sales of yarns, grey fabrics and garment fabrics as well as garments. The operations are further evaluated on a geographic basis including Mainland China (and Hong Kong), Vietnam, Turkey, Macao, Cambodia, Nicaragua and North America.

The Committee of Executive Directors assesses the performance of the operating segments based on revenue and operating profit.

The segment information for the year ended 31 December 2019 is as follows:

### 5. 分部資料(續)

執行董事委員會認為業務可按產品及地區前景分類。管理層從產品角度評估銷售紗線、坯布及面料和服裝的表現。業務以地區基準(包括中國大陸(及香港)、越南、土耳其、澳門、柬埔寨、尼加拉瓜及北美洲)作進一步評估。

執行董事委員會根據收入及經營溢利評估經營分部之業績。

截至二零一九年十二月三十一日止年度之分部資料如下：

		Year ended 31 December 2019 截至二零一九年十二月三十一日止年度															
		Yarns 紗線				Garment fabrics and Garments 面料及服裝						Grey fabrics 坯布			Total 總額		
		Mainland China and Hong Kong 中國大陸及香港				North America 北美洲		Mainland China and Hong Kong 中國大陸及香港		Nicaragua 尼加拉瓜		North America 北美洲		Mainland China and Hong Kong 中國大陸及香港			
		Vietnam 越南	Turkey 土耳其	Macao 澳門		Hong Kong 香港	Cambodia 柬埔寨	Vietnam 越南	Nicaragua 尼加拉瓜	Macao 澳門		Hong Kong 香港	Vietnam 越南	Macao 澳門			
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	
Total revenue	總收入	14,335,011	8,189,565	94,036	13,117,598	-	3,673,768	184,439	707,955	33,541	97,146	905,825	639,333	565,893	349,466	42,893,576	
Inter-segment revenue	分類間收入	(592,220)	(7,570,760)	-	(10,858,938)	-	-	(184,102)	(619,376)	(33,541)	(93,694)	(93,806)	-	(565,666)	(276,530)	(20,890,633)	
Revenue (from external customers)	收入(來自外部客戶)	13,742,791	618,805	94,036	2,258,660	-	3,673,768	337	88,579	-	3,452	812,019	639,333	227	70,936	22,002,943	
Timing of revenue recognition	收入確認時間																
— At a point in time	— 於某個時間點	13,742,791	618,805	94,036	2,258,660	-	3,673,768	337	88,579	-	3,452	812,019	639,333	227	70,936	22,002,943	
Segment results	分類業績	344,435	357,937	(13,783)	241,340	(5,247)	372,025	(19,329)	4,690	(16,825)	(184)	6,799	43,863	16,378	12	1,332,111	
Unallocated profits	未分配溢利															302,350	
Operating profit	經營溢利															1,634,461	
Finance income	財務收入															28,467	
Finance costs	財務費用															(576,218)	
Share of profits less losses of investments accounted for using the equity method	分佔以權益法入賬之投資的溢利減虧損															28,090	
Income tax expense	所得稅開支															(192,051)	
Profit for the year	年度溢利															922,749	
Depreciation and amortisation	折舊及攤銷	(387,070)	(312,126)	(5,285)	(605)	(467)	(79,910)	(19,998)	(47,974)	(8,866)	-	(13,229)	(15,786)	(31,375)	-	(922,691)	



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### 5. SEGMENT INFORMATION (Continued)

The segment information for the year ended 31 December 2018 is as follows:

### 5. 分部資料(續)

截至二零一八年十二月三十一日止年度之分部資料如下：

		Year ended 31 December 2018 截至二零一八年十二月三十一日止年度														
		Yarns 紗線			Garment fabrics and Garments 面料及服裝						Grey fabrics 坯布			Total 總額		
		Mainland China and Hong Kong 中國大陸及 香港		Macao 澳門	Mainland China and Hong Kong 中國大陸及 香港		Cambodia 柬埔寨	Vietnam 越南	Nicaragua 尼加拉瓜	Macao 澳門	North America 北美洲	Mainland China and Hong Kong 中國大陸及 香港		Vietnam 越南	Macao 澳門	
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Total revenue	總收入	13,134,158	7,666,199	13,700,098	2,258,937	170,720	562,993	30,379	50,057	480,337	822,851	531,139	331,876	39,739,744		
Inter-segment revenue	分類間收入	(485,794)	(7,241,428)	(11,219,063)	–	(162,323)	(529,674)	(30,379)	(48,462)	(38,248)	–	(528,277)	(300,387)	(20,584,035)		
<b>Revenue (from external customers)</b>	<b>收入(來自外部客戶)</b>	12,648,364	424,771	2,481,035	2,258,937	8,397	33,319	–	1,595	442,089	822,851	2,862	31,489	19,155,709		
Timing of revenue recognition	收入確認時間															
— At a point in time	— 於某個時間點	12,648,364	424,771	2,481,035	2,258,937	8,397	33,319	–	1,595	442,089	822,851	2,862	31,489	19,155,709		
<b>Segment results</b>	<b>分類業績</b>	750,414	529,542	366,718	3,892	(9,388)	(28,150)	(3,526)	627	(771)	53,400	36,922	1,021	1,700,701		
Unallocated profits	未分配溢利													194,773		
<b>Operating profit</b>	<b>經營溢利</b>													1,895,474		
Finance income	財務收入													18,371		
Finance costs	財務費用													(511,863)		
Share of profits less losses of investments accounted for using the equity method	分佔以權益法入賬之投資的溢利減虧損													21,918		
Income tax expense	所得稅開支													(255,957)		
<b>Profit for the year</b>	<b>年度溢利</b>													1,167,943		
Depreciation and amortisation	折舊及攤銷	(281,750)	(318,370)	(16)	(28,857)	(22,839)	(43,169)	(8,257)	–	(4,450)	(14,880)	(30,614)	–	(753,202)		

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### 5. SEGMENT INFORMATION (Continued)

The segment assets and liabilities as at 31 December 2019 are as follows:

### 5. 分部資料(續)

於二零一九年十二月三十一日之分部資產及負債如下：

		As at 31 December 2019 於二零一九年十二月三十一日																		
		Yarn 紗線					Garment fabrics and Garments 面料及服裝					Grey fabrics 坯布			Total 總額					
		Mainland China and Hong Kong 中國大陸及 香港		Vietnam 越南	Macao 澳門	Turkey 土耳其	Nicaragua 尼加拉瓜	North America 北美洲	Sub-total 小計	Mainland China and Hong Kong 中國大陸及 香港		Cambodia 柬埔寨	Vietnam 越南	Nicaragua 尼加拉瓜	North America 北美洲	Mainland China and Hong Kong 中國大陸及 香港		Vietnam 越南	Macao 澳門	
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
<b>Total segment assets</b>	分類總資產	8,966,179	4,535,545	514,326	379,097	298,211	89,134	14,782,492	3,602,748	138,041	652,219	197,420	335,438	322,746	786,312	8,437	20,825,853			
Unallocated assets	未分配資產																			348,808
<b>Total assets of the Group</b>	<b>本集團總資產</b>																			<b>21,174,661</b>
<b>Total segment liabilities</b>	分類總負債								(5,584,845)	(690,417)	(7,740)	(418,442)	(99,863)	(183,283)	(26,254)	(358,896)	-	(7,369,740)		
Unallocated liabilities	未分配負債																			(5,705,546)
<b>Total liabilities of the Group</b>	<b>本集團總負債</b>																			<b>(13,075,286)</b>
<b>Addition to non-current assets</b>	添置非流動資產	720,629	130,970	1,451	165,508	296,245	123,824	1,438,627	59,901	1,332	178,806	105,396	9,838	10,562	296,856	-	2,101,318			

The Group planned to develop real estate and has purchased relevant land use rights with lease terms of 40 to 70 years of RMB227,580,000. No construction had started till 31 December 2019, such land use rights were recognised in unallocated assets.

本集團計劃開發房地產並已購買租約為40至70年的相關土地使用權人民幣227,580,000元。截至二零一九年十二月三十一日尚未開始施工，故而該土地使用權於未分配資產內確認。

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019  
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### 5. SEGMENT INFORMATION (Continued)

The segment assets and liabilities as at 31 December 2018 are as follows:

### 5. 分部資料(續)

於二零一八年十二月三十一日之分部資產及負債如下：

		As at 31 December 2018 於二零一八年十二月三十一日												Total 總額	
		Yarn 紗線				Garment fabrics and Garments 面料及服裝					Grey fabrics 坯布				
		Mainland China and Hong Kong 中國大陸及香港		Vietnam 越南	Macao 澳門	Sub-total 小計	Mainland China and Hong Kong 中國大陸及香港		Cambodia 柬埔寨	Vietnam 越南	Nicaragua 尼加拉瓜	North America 北美洲	Mainland China and Hong Kong 中國大陸及香港	Vietnam 澳門	
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
<b>Total segment assets</b>	分類總資產	8,639,123	5,575,259	227,768	14,442,150	1,599,261	220,583	548,605	143,851	359,266	362,660	440,756	18,117,132		
Unallocated assets	未分配資產												652,883		
<b>Total assets of the Group</b>	本集團總資產														18,770,015
<b>Total segment liabilities</b>	分類總負債				(6,148,083)	(887,929)	(28,243)	(402,800)	(1,867)	(219,895)	(36,505)	(345,396)	(8,070,718)		
Unallocated liabilities	未分配負債												(3,862,475)		
<b>Total liabilities of the Group</b>	本集團總負債														(11,933,193)
<b>Addition to non-current assets</b>	添置非流動資產	995,553	695,662	8	1,691,223	42,813	7,401	85,491	41,126	3,083	20,684	111,594	2,003,415		

The Group planned to develop real estate and has purchased relevant land use rights with lease terms of 40 to 70 years of RMB226,058,000. No construction had started till 31 December 2018, such land use rights were recognised in unallocated assets.

本集團計劃開發房地產並已購買租約為40至70年的相關土地使用權人民幣226,058,000元。截至二零一八年十二月三十一日尚未開始施工，故而該土地使用權於未分配資產內確認。

#### Impact of HKFRS 16 "Leases" on segment disclosures and profit

The adoption of the new leasing standard described in Note 2.2 had the following impact on the segment disclosures and profit in the current year.

#### 香港財務報告準則第16號「租賃」對分部披露及溢利的影響

採納新租賃準則(附註2.2)對本年度的分部披露及溢利產生以下影響。

		For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度		As at 31 December 2019 於二零一九年十二月三十一日	
		Increase 增加		Increase 增加	
		Segment profit 分部溢利 RMB'000 人民幣千元	Depreciation 折舊 RMB'000 人民幣千元	Segment assets 分部資產 RMB'000 人民幣千元	Segment liabilities 分部負債 RMB'000 人民幣千元
Yarns	紗線	2,277	26,409	134,213	136,051
Garment fabrics and Garments	面料及服裝	791	9,550	34,605	35,105
		3,068	35,959	168,818	171,156

Comparative segment information has not been restated. As a consequence, the segment information disclosed for the items noted above is not entirely comparable to the information disclosed for the prior year.

比較分部資料尚未重列。因此，針對上述項目披露的分部信息與過往年度披露的信息並不完全可比。

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### 6. FREEHOLD LAND AND LAND USE RIGHTS

### 6. 永久產權土地及土地使用權

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Freehold land	永久產權土地	170,005	134,138
Land use rights	土地使用權	—	877,045
		<b>170,005</b>	<b>1,011,183</b>
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Opening net book amount	年初賬面淨值	1,011,183	863,083
Adjustment for change in accounting policy (Note 2.2)	會計政策變更的調整(附註2.2)	(877,045)	—
Restated opening net book amount	重列年初賬面淨值	134,138	863,083
Additions	添置	34,740	189,691
Reclassification to properties under development	重新分類為發展中物業	—	(25,391)
Amortisation (Note 27)	攤銷(附註27)	—	(19,632)
Disposal of subsidiaries	出售附屬公司	—	(3,356)
Currency translation differences	貨幣匯兌差額	1,127	6,788
Closing net book amount	年末賬面淨值	<b>170,005</b>	<b>1,011,183</b>
Cost	成本	170,005	1,096,299
Accumulated amortisation	累計折舊	—	(85,116)
Net book amount	賬面淨值	<b>170,005</b>	<b>1,011,183</b>

The Group's freehold land cost is analysed as follows:

本集團之永久產權土地地價分析如下：

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Freehold land	永久產權土地		
— In Cambodia	— 於柬埔寨	116,257	116,257
— In Turkey	— 於土耳其	20,847	—
— In Mexico	— 於墨西哥	15,020	—
— In Uruguay	— 於烏拉圭	10,073	10,073
— In Nicaragua	— 於尼加拉瓜	7,808	7,808
		<b>170,005</b>	<b>134,138</b>

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019  
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### 7. PROPERTY, PLANT AND EQUIPMENT

### 7. 物業、廠房及設備

		Buildings 樓宇 RMB'000 人民幣千元	Machinery and equipment 機器及設備 RMB'000 人民幣千元	Furniture and fixtures 傢俬及裝置 RMB'000 人民幣千元	Motor vehicles 汽車 RMB'000 人民幣千元	Construction in-progress 在建工程 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
<b>At 1 January 2018</b>	於二零一八年 一月一日						
Cost or valuation	成本或估值	2,776,499	6,070,051	79,281	45,908	417,223	9,388,962
Accumulated depreciation	累計折舊	(341,134)	(2,329,475)	(36,236)	(21,995)	–	(2,728,840)
<b>Net book amount</b>	<b>賬面淨值</b>	<b>2,435,365</b>	<b>3,740,576</b>	<b>43,045</b>	<b>23,913</b>	<b>417,223</b>	<b>6,660,122</b>
<b>Year ended 31 December 2018</b>	截至二零一八年 十二月三十一日						
Opening net book amount	年初賬面淨值	2,435,365	3,740,576	43,045	23,913	417,223	6,660,122
Additions	添置	57,397	150,826	8,297	6,376	1,590,828	1,813,724
Acquisition of subsidiaries	收購附屬公司	2,312	5,819	728	106	–	8,965
Transfers	轉讓	174,288	927,405	1,107	32	(1,102,832)	–
Disposals (Note 34)	出售(附註34)	(4,878)	(41,222)	(462)	(574)	–	(47,136)
Depreciation charges (Note 27)	折舊支出(附註27)	(130,592)	(583,460)	(10,709)	(6,978)	–	(731,739)
Disposal of subsidiaries	出售附屬公司	(2,206)	–	–	–	–	(2,206)
Currency translation differences	貨幣匯兌差額	10,698	3,447	1,035	11	–	15,191
<b>Closing net book amount</b>	<b>年末賬面淨值</b>	<b>2,542,384</b>	<b>4,203,391</b>	<b>43,041</b>	<b>22,886</b>	<b>905,219</b>	<b>7,716,921</b>
<b>At 31 December 2018</b>	於二零一八年 十二月三十一日						
Cost or valuation	成本或估值	3,015,122	7,082,672	86,769	50,683	905,219	11,140,465
Accumulated depreciation	累計折舊	(472,738)	(2,879,281)	(43,728)	(27,797)	–	(3,423,544)
<b>Net book amount</b>	<b>賬面淨值</b>	<b>2,542,384</b>	<b>4,203,391</b>	<b>43,041</b>	<b>22,886</b>	<b>905,219</b>	<b>7,716,921</b>

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#### 7. PROPERTY, PLANT AND EQUIPMENT (Continued) 7. 物業、廠房及設備(續)

		Buildings 樓宇 RMB'000 人民幣千元	Machinery and equipment 機器及設備 RMB'000 人民幣千元	Furniture and fixtures 傢俬及裝置 RMB'000 人民幣千元	Motor vehicles 汽車 RMB'000 人民幣千元	Construction in-progress 在建工程 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
<b>Year ended 31 December 2019</b>	<b>截至二零一九年十二月三十一日止年度</b>						
Opening net book amount	年初賬面淨值	2,542,384	4,203,391	43,041	22,886	905,219	7,716,921
Adjustment for change in accounting policy (Note 2.2)	會計政策變動的調整 (附註2.2)	-	(17,409)	-	-	-	(17,409)
Restated opening net book amount	重列年初賬面淨值	2,542,384	4,185,982	43,041	22,886	905,219	7,699,512
Additions	添置	21,115	319,100	16,928	5,353	1,575,630	1,938,126
Revaluation	重估	210,988	-	-	-	-	210,988
Acquisition of subsidiaries (Note 35)	收購附屬公司 (附註35)	331,642	184,739	6,928	3,839	-	527,148
Transfers	轉讓	331,162	811,488	8,062	1,200	(1,151,912)	-
Disposals (Note 34)	出售 (附註34)	(129)	(19,562)	(206)	(128)	-	(20,025)
Depreciation charges (Note 27)	折舊支出 (附註27)	(154,245)	(681,001)	(14,702)	(7,247)	-	(857,195)
Disposal of subsidiaries	貨幣匯兌差額	(57,027)	-	-	-	-	(57,027)
Currency translation differences	出售附屬公司	2,308	1,265	655	(30)	-	4,198
Closing net book amount	年末賬面淨值	3,228,198	4,802,011	60,706	25,873	1,328,937	9,445,725
<b>At 31 December 2019</b>	<b>於二零一九年十二月三十一日</b>						
Cost or valuation	成本或估值	3,847,420	8,300,346	115,139	59,205	1,328,937	13,651,047
Accumulated depreciation	累計折舊	(619,222)	(3,498,335)	(54,433)	(33,332)	-	(4,205,322)
Net book amount	賬面淨值	3,228,198	4,802,011	60,706	25,873	1,328,937	9,445,725



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### 7. PROPERTY, PLANT AND EQUIPMENT (Continued)

Buildings are shown at fair value, based on periodic, but at least triennial valuations by external independent valuers, less subsequent depreciation. As at 31 December 2019, buildings with net book amount of RMB3,228,198,000 were stated at fair value.

The valuation performed as at 31 December 2019 was determined using the depreciated replacement costs approach and was within level 3 of the fair value hierarchy. Current gross reproduction costs of the buildings are adjusted for physical deterioration and all relevant forms of obsolescence and optimization.

The revaluation surplus, net of applicable deferred income tax liabilities, was regarded as other comprehensive income and credited to revaluation reserve in equity (Note 18).

If buildings were stated on historical cost basis, the amounts would be as follows:

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Cost	成本	3,537,141	2,915,831
Accumulated depreciation	累計折舊	(595,763)	(455,749)
Net book amount	賬面淨值	2,941,378	2,460,082

During the year ended 31 December 2019, depreciation of RMB785,213,000 (2018: RMB675,427,000) was included in cost of sales, RMB5,432,000 (2018: RMB5,448,000) was included in selling and distribution costs and RMB66,550,000 (2018: RMB50,864,000) was included in general and administrative expenses.

During the year ended 31 December 2019, no finance cost was capitalised as part of property, plant and equipment (2018: Nil) (Note 29).

As at 31 December 2019, property, plant and equipment of approximately RMB709,529,000 (2018: RMB834,894,000) were pledged as collateral of the Group's bank borrowings (Note 19).

### 7. 物業、廠房及設備(續)

樓宇根據外部獨立估值師定期(但最少每三年一次)進行的估值按公平值減其後的折舊列賬。於二零一九年十二月三十一日，賬面淨值為人民幣3,228,198,000元之樓宇按公平值列賬。

二零一九年十二月三十一日進行之估值乃採用折舊重置成本法釐定，並歸入公平值層級第三級內。樓宇目前的整體複製成本已就實體老化及所有陳舊及優化相關形式作出調整。

重估盈餘扣除適用的遞延所得稅負債，作為其他全面收益並已計入權益內的重估儲備(附註18)。

倘樓宇以歷史成本法列賬，金額將如下：

於截至二零一九年十二月三十一日止年度，人民幣785,213,000元(二零一八年：人民幣675,427,000元)的折舊已計入銷售成本，人民幣5,432,000元(二零一八年：人民幣5,448,000元)的折舊已計入銷售及分銷開支及人民幣66,550,000元(二零一八年：人民幣50,864,000元)的折舊已計入一般及行政開支。

於截至二零一九年十二月三十一日止年度，概無財務費用(二零一八年：無)資本化為物業、廠房及設備之一部分(附註29)。

於二零一九年十二月三十一日，物業、廠房及設備約人民幣709,529,000元(二零一八年：人民幣834,894,000元)已抵押為本集團銀行借貸的抵押品(附註19)。

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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 8. LEASES

#### (i) Amounts recognised in the consolidated balance sheet

The consolidated balance sheet shows the following amounts relating to leases:

		2019 二零一九年 RMB'000 人民幣千元	1 January 2019 二零一九年 一月一日 RMB'000 人民幣千元
<b>Right-of-use assets</b>	<b>使用權資產</b>		
Land use rights	土地使用權	1,178,793	877,045
Buildings and warehouses	樓宇及倉庫	115,422	142,020
Equipment and others	設備及其他	50,097	58,019
		<b>1,344,312</b>	<b>1,077,084</b>
Current lease liabilities	即期租賃負債	35,770	34,309
Non-current lease liabilities	非即期租賃負債	135,386	149,152
<b>Total lease liabilities</b>	<b>租賃負債總額</b>	<b>171,156</b>	<b>183,461</b>
Representing:	代表：		
Additional lease liabilities recognised	已確認的額外租賃負債		182,630
Reclassification of finance lease obligations to lease liabilities	融資租賃承擔重新分類至租賃負債		831
			<b>183,461</b>

Additions to the right-of-use assets during the 2019 financial year were RMB320,294,000.

The Group leases various machinery and equipment under finance lease agreement. The original lease terms are 3 to 4 years. Under the terms of the leases, the lessors transfer ownership of the assets to the Group by the end of the lease term.

### 8. 租賃

#### (i) 以下為已於綜合資產負債表確認的金額：

與租賃相關的金額載於綜合資產負債表如下：

	2019 二零一九年 RMB'000 人民幣千元	1 January 2019 二零一九年 一月一日 RMB'000 人民幣千元
<b>Right-of-use assets</b>		
Land use rights	1,178,793	877,045
Buildings and warehouses	115,422	142,020
Equipment and others	50,097	58,019
	<b>1,344,312</b>	<b>1,077,084</b>
Current lease liabilities	35,770	34,309
Non-current lease liabilities	135,386	149,152
<b>Total lease liabilities</b>	<b>171,156</b>	<b>183,461</b>
Representing:		
Additional lease liabilities recognised		182,630
Reclassification of finance lease obligations to lease liabilities		831
		<b>183,461</b>

二零一九年財政年度使用權資產增加人民幣320,294,000元。

本集團根據融資租賃協議租賃各種機械設備。最初租賃期限為3至4年。根據租賃條款，出租人應在租賃期限屆滿前將資產的所有權轉讓給本集團。

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### 8. LEASES (Continued)

#### (ii) Amounts recognised in the consolidated income statement

The consolidated income statement shows the following amounts relating to leases:

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
<b>Depreciation charge of right-of-use assets</b>	<b>使用權資產折舊費用</b>		
Land use rights	土地使用權	23,498	19,632
Buildings and warehouses	樓宇及倉庫	31,476	—
Equipment and others	設備及其他	6,861	—
		<b>61,835</b>	<b>19,632</b>
Interest expenses (included in finance costs) (Note 29)	利息開支(計入財務費用)(附註29)	6,077	—
Expenses relating to short-term leases (included in selling and distribution costs and administrative expenses) (Note 27)	有關短期租賃的開支(計入銷售及分銷開支以及行政開支)(附註27)	9,115	—
Expenses relating to leases of low-value assets that are not shown above as short-term leases (included in cost of sales and administrative expenses) (Note 27)	有關未列示為上述短期租賃的低價值租賃的開支(計入銷售成本及行政開支)(附註27)	399	—

The total cash outflow for leases in 2019 was RMB157,060,000.

二零一九年的租賃現金流出總額為人民幣157,060,000元。

#### (iii) The Group's leasing activities and how these are accounted for

The Group leases various offices, warehouses and equipment. Rental contracts are typically made for fixed periods. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

#### (iii) 本集團的租賃活動及其會計方法

本集團租賃各種辦公室、倉庫及設備。租約一般為固定期。租賃條款按個別基準協商且包含多種不同條款及條件。租賃協議並無施加任何條款，惟租賃資產不得用作借款的擔保品。

#### (iv) Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. None of the extension option was exercised during 2019.

#### (iv) 延期及終止選擇權

本集團的若干物業及設備租賃包含延期及終止選擇權。該等條款乃用於就管理合約令經營靈活性最大化。所持有的大部分延期及終止選擇權僅可由本集團行使，惟不得由有關出租人行使。於二零一九年期間，概無行使任何延期期權。

## 綜合財務報表附註

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019  
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### 9. INTANGIBLE ASSETS

### 9. 無形資產

		Goodwill 商譽 RMB'000 人民幣千元	Customer relationship 客戶關係 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
<b>At 1 January 2018</b>	於二零一八年一月一日			
Cost	成本	-	-	-
Accumulated depreciation	累計折舊	-	-	-
<b>Net book amount</b>	賬面淨值	-	-	-
<b>Year ended 31 December 2018</b>	截至二零一八年十二月三十一日止年度			
Opening net book amount	年初賬面淨值	-	-	-
Acquisition of subsidiaries	收購附屬公司	17,641	54,918	72,559
Amortisation charges (Note 27)	攤銷開支(附註27)	-	(1,831)	(1,831)
<b>Closing net book amount</b>	年末賬面淨值	17,641	53,087	70,728
<b>At 31 December 2018</b>	於二零一八年十二月三十一日			
Cost or valuation	成本或估值	17,641	54,918	72,559
Accumulated amortisation	累計攤銷	-	(1,831)	(1,831)
<b>Net book amount</b>	賬面淨值	17,641	53,087	70,728
<b>At 1 January 2019</b>	於二零一九年一月一日			
Cost	成本	17,641	54,918	72,559
Accumulated depreciation	累計折舊	-	(1,831)	(1,831)
<b>Net book amount</b>	賬面淨值	17,641	53,087	70,728
<b>Year ended 31 December 2019</b>	截至二零一九年十二月三十一日止年度			
Opening net book amount	年初賬面淨值	17,641	53,087	70,728
Amortisation charges (Note 27)	攤銷開支(附註27)	-	(3,661)	(3,661)
<b>Closing net book amount</b>	年末賬面淨值	17,641	49,426	67,067
<b>At 31 December 2019</b>	於二零一九年十二月三十一日			
Cost or valuation	成本或估值	17,641	54,918	72,559
Accumulated amortisation	累計攤銷	-	(5,492)	(5,492)
<b>Net book amount</b>	賬面淨值	17,641	49,426	67,067

During the year ended 31 December 2019, amortisation of RMB3,661,000 (2018: RMB1,831,000) was included in general and administrative expenses.

截至二零一九年十二月三十一日止年度，攤銷人民幣3,661,000元(二零一八年：人民幣1,831,000元)已計入一般及行政開支。

## 綜合財務報表附註

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019  
截至二零一九年十二月三十一日止年度

### 10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The amounts recognised in the consolidated balance sheet are as follows:

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Associates	聯營公司	238,560	200,831
Joint ventures	合營企業	4,709	3,876
At 31 December	於十二月三十一日	<b>243,269</b>	<b>204,707</b>

### 10. 以權益法列賬的投資

以下為已於綜合資產負債表確認的金額：

The amounts recognised in the consolidated income statement are as follows:

以下為已於綜合收益表確認的金額：

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Associates	聯營公司	27,257	21,248
Joint ventures	合營企業	833	670
For the year ended 31 December	截至十二月三十一日止年度	<b>28,090</b>	<b>21,918</b>

#### Investments in associates

於聯營公司的投資

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Share of net assets of unlisted associates	分佔非上市聯營公司資產淨值	238,369	200,640
Goodwill	商譽	191	191
		<b>238,560</b>	<b>200,831</b>

## 綜合財務報表附註

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019  
截至二零一九年十二月三十一日止年度

#### 10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

##### Investments in associates (Continued)

Movements of shares of net assets attributable to the Group are as follows:

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Opening amount	期初金額	200,640	179,392
Acquisition	收購	10,472	-
Share of profits based on equity held	根據所持的權益應佔溢利	27,257	21,248
Closing amount	期末金額	238,369	200,640

On 29 July 2019, the Group acquired 30% interest of Henglun International (Hong Kong) Limited, an investment holding company in Hong Kong, for a consideration of RMB10,464,000. The Group's share of the fair value of net assets acquired at acquisition date on aggregation was RMB10,464,000.

On 8 October 2019, the Group acquired 45% interest of Hualida Vietnam (Quang Ninh) Holdings Limited, an investment holding company in Hong Kong, for a consideration of RMB8,000. The Group's share of the fair value of net assets acquired at acquisition date on aggregation was RMB8,000.

There are no contingent liabilities relating to the Group's interests in the associates.

Set out below are the associates of the Group as at 31 December 2019 which, in the opinion of the directors, are individually immaterial to the Group. The associates as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group; the country of incorporation or registration is also their principal place of business.

#### 10. 以權益法列賬的投資(續)

##### 於聯營公司的投資(續)

本集團應佔資產淨值變動如下：

於二零一九年七月二十九日，本集團收購恒倫國際(香港)有限公司之30%權益，該公司為香港投資控股公司，代價為人民幣10,464,000元。本集團合共分佔所收購資產淨值於收購日之公平值為人民幣10,464,000元。

於二零一九年十月八日，本集團收購華利達越南(廣寧)控股有限公司之45%權益，該公司為香港投資控股公司，代價為人民幣8,000元。本集團合共分佔所收購資產淨值於收購日之公平值為人民幣8,000元。

本集團於聯營公司的權益並無任何或然負債。

以下為於二零一九年十二月三十一日，董事認為個別對本集團並不重要之本集團聯營公司。下列聯營公司之股本僅由普通股組成，並由本集團直接持有；其註冊成立或註冊國家亦為其主要營業地點。



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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019  
截至二零一九年十二月三十一日止年度

### 10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

#### Investments in associates (Continued)

Nature of investments in associates as at 31 December 2019:

### 10. 以權益法列賬的投資(續)

#### 於聯營公司的投資(續)

於二零一九年十二月三十一日，於聯營公司投資的性質：

Name of associate 聯營公司名稱	Place and date of incorporation and form of legal entity 註冊成立地點及日期以及法律實體類別	Principal activities 主要業務	Particulars of issued share capital 已發行股本詳情	Interest held 所持權益
Nantong Textile Group Co., Ltd.	Nantong, Mainland China, 11 September 2002, limited liability company	Manufacturing and sales of top-grade textile knitting products and garments	RMB 116,375,000	48%
南通紡織控股集團紡織染有限公司	中國大陸南通，二零零二年九月十一日，有限責任公司	製造及銷售高級紡織產品及成衣	人民幣 116,375,000元	48%
Hongyan Vietnam Holdings Limited	British Virgin Islands, 2 July 2015, limited liability company	Investment holding in British Virgin Islands	RMB 166,167,000	45%
鴻雁越南控股有限公司	英屬處女群島，二零一五年七月二日，有限責任公司	於英屬處女群島進行投資控股	人民幣 166,167,000元	45%
Henglun International (Hong Kong) Limited	Hong Kong, 11 June 2019, limited liability company	Investment holding in Hong Kong	USD 5,000,000	30%
恒綸國際(香港)有限公司	香港，二零一九年六月十一日，有限責任公司	於香港進行投資控股	5,000,000美元	30%
Hualida Vietnam (Quang Ninh) Holdings Limited	Hong Kong, 16 November 2018, limited liability company	Investment holding in Hong Kong	HKD20,000	45%
華利達越南(廣寧)控股有限公司	香港，二零一八年十一月十六日，有限責任公司	於香港進行投資控股	20,000港元	45%
Subsidiaries of Hongyan Vietnam Holdings Limited 鴻雁越南控股有限公司之附屬公司				
— Lanyan Denim Garment Vietnam Holdings Limited	Hong Kong, 2 June 2015, limited liability company	Investment holding in Hong Kong	HKD100	45%
— 蘭雁牛仔服裝越南控股有限公司	香港，二零一五年六月二日，有限責任公司	於香港進行投資控股	100港元	45%
— Hualida (Vietnam) Garments Limited Company	Vietnam, January 2016, limited liability company	Manufacturing of garments in Vietnam	VND 39,870,000,000	45%
— 華利達(越南)服裝責任有限公司	越南，二零一六年一月，有限責任公司	於越南製造成衣	39,870,000,000越南盾	45%
A subsidiary of Henglun International (Hong Kong) Limited Henglun International (Hong Kong) Limited之附屬公司				
Henglun Textile Vietnam Company Limited	Vietnam, November 2019, limited liability company	Manufacturing of garment fabrics in Vietnam	USD5,000,000	30%
Henglun Textile Vietnam Company Limited	越南，二零一九年十一月，有限責任公司	於越南製造面料	5,000,000美元	30%

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019  
截至二零一九年十二月三十一日止年度

### 10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued) Investments in associates (Continued)

### 10. 以權益法列賬的投資(續)

於聯營公司的投資(續)

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Aggregate carrying amount of individually immaterial associates	個別非重大聯營公司總賬面值	238,560	200,831
Aggregate amounts of the Group's share of:	本集團應佔以下各項總額：		
Profit from continuing operations	持續經營溢利	27,257	21,248

#### Investment in a joint venture

於合營企業的投資

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Opening amount	期初金額	3,876	3,206
Share of profits	分攤溢利	833	670
At 31 December	於十二月三十一日	4,709	3,876

There are no contingent liabilities relating to the Group's interests in the joint venture.

本集團於合營企業的權益並無任何或然負債。

Set out below is the joint venture of the Group as at 31 December 2019 which, in the opinion of the directors, is immaterial to the Group. The joint venture as listed below has share capital consisting solely of ordinary shares, which are held directly by the Group; the country of incorporation or registration is also its principal place of business.

以下為於二零一九年十二月三十一日，董事認為個別對本集團並不重要之本集團合營企業。下列合營企業之股本僅由普通股組成，並由本集團直接持有；其註冊成立或註冊國家亦為其主要營業地點。

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### 10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

#### Investment in a joint venture (Continued)

Nature of investment in a joint venture as at 31 December 2019:

Name of the joint venture	Place and date of incorporation and form of legal entity 註冊成立地點及日期以及法律實體類別	Principal activities 主要業務	Particulars of issued share capital 已發行股本詳情	Interest held 所持權益
合營企業名稱				
Texhong Tan Cang Logistics Joint Stock Company	Vietnam, 30 June 2016, limited liability company	Cargo transportation by land and sea; other assistant services; cargo landing-over, storage, management consulting	VND 20,000,000,000	50%
天虹新港物流股份公司	越南，二零一六年六月三十日，有限責任公司	海陸貨物運輸；其他輔助財務；貨物卸運、儲存、管理諮詢	20,000,000,000 越南盾	

Texhong Tan Cang Logistics Joint Stock Company is a private company and there is no quoted market price available for its shares.

### 10. 以權益法列賬的投資(續)

#### 於合營企業的投資(續)

於二零一九年十二月三十一日在合營企業的投資性質：

Name of the joint venture	Place and date of incorporation and form of legal entity 註冊成立地點及日期以及法律實體類別	Principal activities 主要業務	Particulars of issued share capital 已發行股本詳情	Interest held 所持權益
合營企業名稱				
Texhong Tan Cang Logistics Joint Stock Company	Vietnam, 30 June 2016, limited liability company	Cargo transportation by land and sea; other assistant services; cargo landing-over, storage, management consulting	VND 20,000,000,000	50%
天虹新港物流股份公司	越南，二零一六年六月三十日，有限責任公司	海陸貨物運輸；其他輔助財務；貨物卸運、儲存、管理諮詢	20,000,000,000 越南盾	

天虹新港物流股份公司為私人公司，其股份並無市場報價。

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Carrying amount of the immaterial the joint venture	不屬於重大的合營企業的賬面值	4,709	3,876
The Group's share of profit from continuing operations	本集團分佔持續經營業務產生的溢利	833	670

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 11. FINANCIAL INSTRUMENTS BY CATEGORY

### 11. 按類別劃分的金融工具

		Assets at fair value through the profit and loss 按公平值計入 損益的資產 RMB'000 人民幣千元	Financial assets at amortised cost 按攤銷成本列賬 之金融資產 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
<b>31 December 2019</b>	二零一九年十二月三十一日			
<b>Assets as per balance sheet</b>	<b>資產負債表所列資產</b>			
Trade and bills receivables (Note 13)	應收貿易及票據款項(附註13)	-	1,534,673	1,534,673
Derivative financial instruments (Note 20)	衍生金融工具(附註20)	287,435	-	287,435
Deposits and other receivables (Note 14)	按金及其他應收賬款(附註14)	-	19,252	19,252
Pledged bank deposits and cash and cash equivalents (Note 15)	已抵押銀行存款及現金及 現金等值物(附註15)	-	1,852,337	1,852,337
<b>Total</b>	<b>總計</b>	<b>287,435</b>	<b>3,406,262</b>	<b>3,693,697</b>

		Liabilities at fair value through the profit and loss 按公平值計入 損益的負債 RMB'000 人民幣千元	Other financial liabilities at amortised cost 按攤銷 成本列賬之 其他金融負債 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
<b>31 December 2019</b>	二零一九年十二月三十一日			
<b>Liabilities as per balance sheet</b>	<b>資產負債表所列負債</b>			
Borrowings (Note 19)	借貸(附註19)	-	8,284,623	8,284,623
Derivative financial instruments (Note 20)	衍生金融工具(附註20)	29,530	-	29,530
Trade and bills payables (Note 24)	應付貿易及票據款項(附註24)	-	3,035,868	3,035,868
Accruals and other payables excluding deposits and statutory liabilities (Note 25)	預提費用及其他應付賬款 (不包括按金及法定負債)(附註25)	-	408,106	408,106
Lease liabilities (Note 8)	租賃負債(附註8)	-	171,156	171,156
Long-term payables (Note 22)	長期應付賬款(附註22)	-	238,784	238,784
<b>Total</b>	<b>總計</b>	<b>29,530</b>	<b>12,138,537</b>	<b>12,168,067</b>

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### 11. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

### 11. 按類別劃分的金融工具(續)

		Assets at fair value through the profit and loss 按公平值計入 損益的資產 RMB'000 人民幣千元	Financial assets at amortised cost 按攤銷成本 列賬之 其他金融資產 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
<b>31 December 2018</b>	二零一八年十二月三十一日			
<b>Assets as per balance sheet</b>	<b>資產負債表所列資產</b>			
Trade and bills receivables (Note 13)	應收貿易及票據款項(附註13)	–	1,783,774	1,783,774
Derivative financial instruments (Note 20)	衍生金融工具(附註20)	145,220	–	145,220
Deposits and other receivables (Note 14)	按金及其他應收賬款(附註14)	–	40,965	40,965
Pledged bank deposits and cash and cash equivalents (Note 15)	已抵押銀行存款及現金及現金等值物(附註15)	–	1,199,740	1,199,740
<b>Total</b>	<b>總計</b>	<b>145,220</b>	<b>3,024,479</b>	<b>3,169,699</b>
		Liabilities at fair value through the profit and loss 按公平值計入 損益的負債 RMB'000 人民幣千元	Other financial liabilities at amortised cost 按攤銷 成本列賬之 其他金融負債 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
<b>31 December 2018</b>	二零一八年十二月三十一日			
<b>Liabilities as per balance sheet</b>	<b>資產負債表所列負債</b>			
Borrowings (Note 19)	借貸(附註19)	–	7,127,734	7,127,734
Derivative financial instruments (Note 20)	衍生金融工具(附註20)	89,468	–	89,468
Trade and bills payables (Note 24)	應付貿易及票據款項(附註24)	–	3,522,714	3,522,714
Accruals and other payables excluding deposits and statutory liabilities (Note 25)	預提費用及其他應付賬款(不包括按金及法定負債)(附註25)	–	413,160	413,160
Finance lease obligations (Note 21)	融資租賃承擔(附註21)	–	831	831
Long-term payables (Note 22)	長期應付賬款(附註22)	–	145,188	145,188
<b>Total</b>	<b>總計</b>	<b>89,468</b>	<b>11,209,627</b>	<b>11,299,095</b>

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### 12. INVENTORIES AND PROPERTIES UNDER DEVELOPMENT

#### Inventories

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Raw materials	原材料	3,189,503	3,473,769
Work-in-progress	在製品	481,381	338,350
Finished goods	製成品	1,429,206	1,399,173
		<b>5,100,090</b>	<b>5,211,292</b>

The cost of inventories recognised as expense and included in 'cost of sales' amounted to RMB14,913,453,000 (2018: RMB13,068,997,000).

In 2019, the Group made an inventory provision of approximately RMB8,957,000 (2018: RMB4,445,000). These amounts have been included in 'cost of sales' in the consolidated income statement (Note 27).

As at 31 December 2019, inventories with a total net book amount of RMB66,580,000 (2018: nil) were pledged as collateral for the Group's bank borrowings (Note 19).

#### Properties under development

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Land use rights	土地使用權	227,580	226,058

As at 31 December 2019, land use rights of RMB227,580,000 (2018: RMB226,058,000) were in Mainland China with lease terms of 40 to 70 years.

As at 31 December 2019, no construction had started yet, and no finance cost was capitalized as part of properties under development (2018: nil) (Note 29).

### 12. 存貨及發展中物業

#### 存貨

確認為費用且列入「銷售成本」的存貨成本金額為人民幣14,913,453,000元(二零一八年：人民幣13,068,997,000元)。

於二零一九年，本集團計提存貨撥備約人民幣8,957,000元(二零一八年：人民幣4,445,000元)。該等金額已計入綜合收益表之「銷售成本」中(附註27)。

於二零一九年十二月三十一日，賬面淨值共為人民幣66,580,000元(二零一八年：無)的存貨已作質押，以作為本集團取得銀行借貸之抵押品(附註19)。

#### 發展中物業

於二零一九年十二月三十一日，在中國大陸的土地使用權為人民幣227,580,000元(二零一八年：人民幣226,058,000元)，租賃期限為40至70年。

於二零一九年十二月三十一日，尚未開始施工，概無財務費用(二零一八年：無)資本化為發展中物業之一部分(附註29)。



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### 13. TRADE AND BILLS RECEIVABLES

### 13. 應收貿易及票據款項

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Trade receivables	應收貿易款項	817,743	787,107
Less: provision for impairment	減：減值撥備	(10,226)	(6,588)
		807,517	780,519
Bills receivable	應收票據款項	727,156	1,003,255
		1,534,673	1,783,774

As at 31 December 2019, no trade receivables was due from related parties (2018: RMB5,131,000) (Note 37).

於二零一九年十二月三十一日，概無應收關連方的貿易款項(二零一八年：人民幣5,131,000元)(附註37)。

The fair values of trade and bills receivables approximate their carrying amounts.

應收貿易及票據款項之公平值接近其賬面值。

As at 31 December 2019, no bills receivable was pledged as collateral for the Group's bank borrowings (2018: bills receivable with a total net book amount of RMB97,526,000 were pledged as collateral for the Group's bank borrowings) (Note 19).

於二零一九年十二月三十一日，概無應收票據已作質押，以作為本集團取得銀行借貸之抵押品(二零一八年：賬面淨值共計人民幣97,526,000元的應收票據已作質押，以作為本集團取得銀行借貸之抵押品)(附註19)。

The Group generally grants credit terms of less than 90 days to its customers in Mainland China and 120 days to its customers in other countries. The ageing analysis of the trade and bills receivables (including amounts due from related parties of trading in nature) based on invoice date is as follows:

本集團授予其中國大陸客戶之信貸期一般為90日內，而授予其他國家客戶之信貸期為120日內。應收貿易及票據款項(包括性質為應收貿易關連方之款項)按發票日期之賬齡分析如下：

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Within 30 days	30日內	1,050,742	1,099,220
31 to 90 days	31至90日	399,113	592,707
91 to 180 days	91至180日	75,479	82,290
181 days to 1 year	181日至1年	9,694	11,414
Over 1 year	1年以上	9,871	4,731
		1,544,899	1,790,362
Less: provision for impairment	減：減值撥備	(10,226)	(6,588)
Trade and bills receivables — net	應收貿易及票據款項 — 淨額	1,534,673	1,783,774

There is no concentration of credit risk with respect to trade and bills receivables, as the Group has a large number of customers.

由於本集團擁有大批客戶，故應收貿易及票據款項無集中的信貸風險。

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#### 13. TRADE AND BILLS RECEIVABLES (Continued)

##### Impairment and risk exposure

##### Trade receivables

The Group applies HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

Information about the impairment of trade receivables and the Group's exposure to credit risk, foreign currency risk and interest rate risk can be found in Note 3.1.

Trade and bills receivables are denominated in the following currencies:

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
USD	美元	905,040	863,614
RMB	人民幣	519,003	849,057
Hong Kong dollars ("HKD")	港元(「港元」)	100,000	59,966
Vietnam Dong ("VND")	越南盾(「越南盾」)	20,856	17,725
		<b>1,544,899</b>	<b>1,790,362</b>

Movements of the provision for impairment of trade receivables are as follows:

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
At 1 January	於一月一日	6,588	7,141
Accrual/(reversal) of provision for impairment of trade receivables	計提/(撥回)應收貿易款項減值撥備	3,638	(553)
At 31 December	於十二月三十一日	<b>10,226</b>	<b>6,588</b>

The creation and release of provision for impaired receivables have been included in net (accrual)/reversal of impairment losses on financial assets in 2019 and 2018. Amounts charged to the allowance account are written off when there is no expectation of receiving additional cash.

The maximum exposure to credit risk at the reporting date is the carrying amount of trade and bills receivables.

#### 13. 應收貿易及票據款項(續)

##### 減值及風險敞口

##### 應收貿易款項

本集團採用香港財務報告準則第9號簡化方法計量預期信貸虧損，為所有應收貿易款項及合約資產撥備整個存續期內的預期虧損。

有關應收貿易款項及本集團所面臨的信貸風險、外匯風險及利率風險的詳情載於附註3.1。

應收貿易及票據款項按以下貨幣計值：

應收貿易款項減值撥備變動如下：

增設及解除已減值應收款項撥備於二零一九年及二零一八年已列入(計提)/撥回金融資產之減值虧損淨額。當預期未能收取額外現金時，在準備賬中扣除的款項將被撇銷。

於報告日期，本集團面對的最大信貸風險為應收貿易及票據款項賬面值。

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### 14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Value-added tax recoverable	應退增值稅	327,586	363,802
Prepayments for purchase of raw materials	購買原材料的預付款項	315,856	401,836
Prepaid expenses	預付開支	104,665	51,418
Prepaid income tax	預付所得稅	31,133	9,878
Deposits for operation	營運按金	15,567	12,082
Compensation receivables	應收補償金	—	27,235
Other receivables	其他應收賬款	3,685	1,648
		<b>798,492</b>	<b>867,899</b>

The fair values of deposits and other receivables approximate their carrying amounts.

按金及其他應收賬款的公平值接近其賬面值。

### 15. PLEDGED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Pledged bank deposits	已抵押銀行存款	21,478	145,019
Cash and cash equivalents	現金及現金等值物		
— Cash at bank and in hand	— 銀行及手頭現金	1,830,859	1,054,721
		<b>1,852,337</b>	<b>1,199,740</b>

As at 31 December 2019, the weighted average effective interest rate on pledged bank deposits and other deposits was 3.2% (2018: 2.9%) per annum.

於二零一九年十二月三十一日，已抵押銀行存款及其他存款之加權平均實際利率為每年3.2%（二零一八年：2.9%）。

As at 31 December 2019, pledged bank deposits with a total net book amount of RMB8,001,000 were pledged as collateral for the Group's bank borrowings (2018: RMB68,450,000) (Note 19). Pledged bank deposits with a total net book amount of RMB9,452,000 (2018: RMB76,569,000) are used for issuance of letters of credit for purchase of raw materials, with maturities of 90 days at inception (2018: 90 days). Pledged bank deposits with a total net book amount of RMB4,025,000 (2018: nil) were pledged as collateral for utilities.

於二零一九年十二月三十一日，賬面淨值共為人民幣8,001,000元的已抵押銀行存款已作質押，以作為本集團取得銀行借貸之抵押品（二零一八年：人民幣68,450,000元）（附註19）。賬面淨值共為人民幣9,452,000元（二零一八年：人民幣76,569,000元）的已抵押銀行存款用於簽發信用證以供購買原材料，訂立日期起計90日（二零一八年：90日）到期。賬面淨值共為人民幣4,025,000元（二零一八年：零）已抵押銀行存款已作質押，以作為動力及燃料之抵押品。

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### 15. PLEDGED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS (Continued)

Pledged bank deposits and cash and cash equivalents are denominated in the following currencies:

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
RMB	人民幣	779,211	699,239
USD	美元	725,612	328,063
HKD	港元	204,920	33,229
VND	越南盾	130,012	129,696
European Dollar ("EURO")	歐元(「歐元」)	7,672	5,302
Others	其他	4,910	4,211
		<b>1,852,337</b>	<b>1,199,740</b>

Majority of the cash and cash equivalents are deposited with banks in Mainland China and Hong Kong. The conversion of the RMB denominated balances into other currencies and the remittance of funds out of Mainland China are subject to the rules and regulations relating to foreign exchange controls promulgated by the Mainland China Government.

### 15. 已抵押銀行存款以及現金及現金等值物(續)

已抵押銀行存款以及現金及現金等值物按以下貨幣計值：

大部分現金及現金等值物存於中國大陸和香港銀行。將人民幣計值之結餘兌換為其他貨幣以及將資金匯出中國大陸須遵守中國大陸政府頒佈有關外匯管制之規則及規例。

### 16. SHARE CAPITAL AND SHARE PREMIUM

### 16. 股本及股份溢價

		Number of shares 股份數目 (thousands) (千股)	Ordinary shares 普通股 HKD'000 千港元
Authorised:	法定：		
Ordinary shares of HKD0.1 each At 31 December 2018 and 2019	每股0.1港元普通股 於二零一八年及二零一九年 十二月三十一日	4,000,000	400,000

		Number of shares 股份數目 (thousands) (千股)	Ordinary shares 普通股 RMB'000 人民幣千元	Share premium 股份溢價 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Issued and fully paid:	已發行及繳足：				
Ordinary shares of HKD0.1 each At 31 December 2018 and 2019	每股0.1港元普通股 於二零一八年及 二零一九年 十二月三十一日	915,000	96,709	433,777	530,486

## 17. SHARE-BASED PAYMENT

### Share Option Scheme

Pursuant to a shareholders' resolution passed on 7 April 2014, the Company adopted a share option scheme ("the Share Option Scheme"), which will remain in force for a period of 10 years up to April 2024. Under the Share Option Scheme, the Company's directors may, at their sole discretion, grant to any employee, director, supplier of goods or services, customer, person or entity that provides research, development or other technological support to the Group, shareholder and adviser or consultant of the Group to subscribe for shares in the Company at a price of not less than the higher of (i) the closing price of shares as stated in the daily quotation sheet of the Stock Exchange on the date of the offer of grant; or (ii) the average closing price of shares as stated in the daily quotation sheets of the Stock Exchange for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the share. A nominal consideration of HK\$1 is payable on acceptance of the grant of an option. The maximum number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme adopted by the Group from time to time must not in aggregate exceed 30% of the ordinary share of the Company in issued from time to time.

Pursuant to the Share Option Scheme, share options to subscribe for an aggregate of 5,000,000 ordinary shares of the Company were granted to two executive directors of the Company on 23 March 2015. The subscription price is HKD8.7 per share. 1,670,000 share options are exercisable over the period from 1 January 2016 to 22 March 2025, 1,670,000 share options are exercisable over the period from 1 January 2017 to 22 March 2025 and 1,660,000 share options are exercisable from 1 January 2018 to 22 March 2025. On 28 December 2015, share options to subscribe for an aggregate of 1,500,000 ordinary share of the Company were granted to one executive director of the Company. The subscription price is HKD5.7 per share. 300,000 share options are exercisable over the period from 1 January 2017 to 27 December 2025, 300,000 share options are exercisable over the period from 1 January 2018 to 27 December 2025, 300,000 share options are exercisable over the period from 1 January 2019 to 27 December 2025, 300,000 share options are exercisable over the period from 1 January 2020 to 27 December 2025 and 300,000 share options are exercisable over the period from 1 January 2021 to 27 December 2025. The Group has no legal or constructive obligation to repurchase or settle the above options in cash. No options have been exercised since the date of grant to 31 December 2019.

## 17. 以股份為基礎付款

### 購股權計劃

根據於二零一四年四月七日通過之股東決議案，本公司採納一項購股權計劃（「購股權計劃」），於截至二零二四年四月止十年期間將仍屬有效。根據購股權計劃，本公司董事可全權酌情向任何僱員、董事、貨品或服務供應商、客戶、為本集團提供研究、開發或其他技術支援的個人或實體、股東及本集團顧問或諮詢人授出購股權，以認購本公司股份，惟價格不低於下列較高者：(i) 於授出要約日期在聯交所每日報價表所列出的股份收市價；或(ii) 於緊接授出要約日期前五個交易日的聯交所每日報價表所列出的股份平均收市價；及(iii) 股份的面值。1港元的名義代價於接納授出購股權時支付。在購股權計劃及本集團不時採納的任何其他購股權計劃以下所有授出有待行使購股權獲行使時最高可予發行的股份數目合計不得超過本公司不時已發行普通股的30%。

根據購股權計劃，本公司於二零一五年三月二十三日向兩名執行董事授出合共可認購5,000,000股本公司普通股的購股權。認購價為每股8.7港元。1,670,000份購股權可於二零一六年一月一日至二零二五年三月二十二日期間行使；1,670,000份購股權可於二零一七年一月一日至二零二五年三月二十二日期間行使；及1,660,000份購股權可於二零一八年一月一日至二零二五年三月二十二日期間行使。本公司於二零一五年十二月二十八日向一名執行董事授出合共可認購1,500,000股本公司普通股的購股權。認購價為每股5.7港元。300,000份購股權可於二零一七年一月一日至二零二五年十二月二十七日期間行使；300,000份購股權可於二零一八年一月一日至二零二五年十二月二十七日期間行使；300,000份購股權可於二零一九年一月一日至二零二五年十二月二十七日期間行使；300,000份購股權可於二零二零年一月一日至二零二五年十二月二十七日期間行使；及300,000份購股權可於二零二一年一月一日至二零二五年十二月二十七日期間行使。本集團並無法定或推定責任以現金購回或結算上述購股權。自授出日期至二零一九年十二月三十一日，概無購股權獲行使。

**17. SHARE-BASED PAYMENT (Continued)**

**Share Option Scheme (Continued)**

The fair value of options granted on 23 March 2015 was determined using the Binomial Option-Pricing Model. The significant inputs into the model included the share price of HKD8.7 per share at the grant date, exercise price shown above, expected annual risk-free interest rate of 1.582%, expected dividend yield of 1.45% and volatility of 49.80%. The total fair value of these options at grant date was RMB17,154,000 and no expenses was charged to administrative expenses for the year ended 31 December 2019 (2018: nil).

The fair value of options granted on 28 December 2015 was determined using the Binomial Option-Pricing Model. The significant inputs into the model included the share price of HKD5.7 per share at the grant date, exercise price shown above, expected annual risk-free interest rate of 1.623%, expected dividend yield of 3.42% and volatility of 50.94%. The total fair value of these options was RMB3,171,000 and RMB298,000 was charged for the year ended 31 December 2019 (2018: RMB500,000).

**17. 以股份為基礎付款(續)**

**購股權計劃(續)**

於二零一五年三月二十三日授出之購股權之公平值乃採用二項式期權定價模式釐定。該模式之重大輸入數據包括於授出日期之股價每股8.7港元、上述行使價、預期年度無風險利率1.582%、預期股息率1.45%及波幅49.80%。此等購股權於授出日期之公平值總額為人民幣17,154,000元，而並無開支於截至二零一九年十二月三十一日止年度之行政開支扣除(二零一八年：無)。

於二零一五年十二月二十八日授出之購股權之公平值乃採用二項式期權定價模式釐定。該模式之重大輸入數據包括於授出日期之股價每股5.7港元、上述行使價、預期年度無風險利率1.623%、預期股息率3.42%及波幅50.94%。此等購股權之公平值總額為人民幣3,171,000元，而於截至二零一九年十二月三十一日止年度則扣除人民幣298,000元(二零一八年：人民幣500,000元)。



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### 18. OTHER RESERVES AND RETAINED EARNINGS

#### (a) Other reserves

		Capital reserve <sup>(1)</sup>	Share- based compensation reserve	Statutory reserves <sup>(2)</sup>	Revaluation reserve	Translation reserve	Translation with non- controlling interests	Total
		資本儲備 <sup>(1)</sup>	以股份為基礎 補償儲備	法定儲備 <sup>(2)</sup>	重估儲備	匯兌儲備	非控制性 權益匯兌	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
At 1 January 2018	於二零一八年一月一日	162,041	20,498	379,175	69,441	(14,781)	-	616,374
Transfer to statutory reserves	轉撥至法定儲備	-	-	94,873	-	-	-	94,873
Employee share option scheme (Note 17)	僱員購股權計劃 (附註17)	-	500	-	-	-	-	500
Currency translation differences	貨幣換算差額	-	-	-	-	5,180	-	5,180
Transfer from revaluation reserve to retained earnings for buildings revaluation	就樓宇重新估值由重估 儲備轉撥至保留溢利	-	-	-	-	-	-	-
— gross	— 總額	-	-	-	(6,362)	-	-	(6,362)
— deferred income tax (Note 23)	— 遞延所得稅 (附註23)	-	-	-	2,328	-	-	2,328
At 31 December 2018	於二零一八年 十二月三十一日	162,041	20,998	474,048	65,407	(9,601)	-	712,893
At 1 January 2019	於二零一九年一月一日	162,041	20,998	474,048	65,407	(9,601)	-	712,893
Transfer to statutory reserves	轉撥至法定儲備	-	-	38,125	-	-	-	38,125
Employee share option scheme (Note 17)	僱員購股權計劃 (附註17)	-	298	-	-	-	-	298
Currency translation differences	貨幣換算差額	-	-	-	-	2,296	-	2,296
Surplus on revaluation of buildings	樓宇重估盈餘	-	-	-	-	-	-	-
— gross	— 總額	-	-	-	210,988	-	-	210,988
— deferred income tax (Note 23)	— 遞延所得稅 (附註23)	-	-	-	(38,203)	-	-	(38,203)
Transfer from revaluation reserve to retained earnings for buildings revaluation	就樓宇重新估值由重估 儲備轉撥至保留溢利	-	-	-	-	-	-	-
— gross	— 總額	-	-	-	(6,470)	-	-	(6,470)
— deferred income tax (Note 23)	— 遞延所得稅 (附註23)	-	-	-	2,212	-	-	2,212
Translation with non-controlling interests	非控制性權益匯兌	-	-	-	-	-	(17,120)	(17,120)
At 31 December 2019	於二零一九年 十二月三十一日	162,041	21,296	512,173	233,934	(7,305)	(17,120)	905,019

### 18. 其他儲備及保留溢利

#### (a) 其他儲備

18. OTHER RESERVES AND RETAINED EARNINGS

(Continued)

(a) Other reserves (Continued)

Notes:

- (i) The capital reserve represents the difference between the amount of share capital issued and the net asset value of the subsidiaries acquired under a group reorganisation in 2004.
- (ii) As stipulated by regulations in Mainland China, the Company's subsidiaries established and operated in Mainland China are required to appropriate a portion of their after-tax profit (after offsetting prior years' losses) to statutory reserves, at rates determined by their respective boards of directors. Such transfer is not required when the amount of the statutory reserve reaches 50% of the corresponding subsidiaries' registered capital.

Statutory reserves shall only be used to make up losses of the corresponding subsidiaries, to expand the corresponding subsidiaries' production operations, or to increase the capital of the corresponding subsidiaries. Upon approval by resolutions of the corresponding subsidiaries' shareholders in general meetings, the corresponding subsidiaries may convert their statutory reserves into registered capital and issue bonus capital to existing owners in proportion to their existing ownership structure.

18. 其他儲備及保留溢利(續)

(a) 其他儲備(續)

附註：

- (i) 資本儲備指已發行股本數額與於二零零四年集團重組下收購附屬公司的資產淨值的差額。
- (ii) 根據中國大陸頒佈之規例，本公司在中國大陸成立及營運之附屬公司須按其各自董事會所釐訂之比例，提撥一部分除稅後溢利(經抵銷過往年度虧損)至法定儲備。倘法定儲備的金額已達相關附屬公司註冊資本的50%，則無需作出此撥款。

法定儲備僅可用於抵銷相關附屬公司虧損、擴充相關附屬公司生產經營或增加相關附屬公司股本。當獲得相關附屬公司股東於股東大會上以決議案通過，相關附屬公司則可將其法定儲備轉換成註冊資本，並按現有股東的持股比例向彼等發行紅股。

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### 18. OTHER RESERVES AND RETAINED EARNINGS 18. 其他儲備及保留溢利(續)

(Continued)

#### (b) Retained earnings

#### (b) 保留溢利

		RMB'000 人民幣千元
At 1 January 2018	於二零一八年一月一日	4,763,267
Profit for the year	年度溢利	1,163,092
Transfer from revaluation reserve to retained earnings	由重估儲備轉撥至保留溢利	
— gross	— 總額	6,362
— deferred income tax (Note 23)	— 遞延所得稅(附註23)	(2,328)
		5,930,393
Dividend relating to 2017	二零一七年之股息	(156,160)
Dividend relating to 2018	二零一八年之股息	(184,102)
Transfer to statutory reserves	轉撥至法定儲備	(94,873)
At 31 December 2018	於二零一八年十二月三十一日	5,495,258
At 1 January 2019	於二零一九年一月一日	5,495,258
Profit for the year	年度溢利	883,726
Transfer from revaluation reserve to retained earnings	由重估儲備轉撥至保留溢利	
— gross	— 總額	6,470
— deferred income tax (Note 23)	— 遞延所得稅(附註23)	(2,212)
		6,383,242
Dividend relating to 2018	二零一八年之股息	(158,936)
Dividend relating to 2019	二零一九年之股息	(148,230)
Transfer to statutory reserves	轉撥至法定儲備	(38,125)
At 31 December 2019	於二零一九年十二月三十一日	6,037,951

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### 19. BORROWINGS

### 19. 借貸

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
<b>Current</b>	<b>即期</b>		
Unsecured bank borrowings	無抵押銀行借貸	990,965	436,273
Secured bank borrowings (Note (a))	有抵押銀行借貸(附註(a))	332,440	414,138
Other bank borrowings (Note (b))	其他銀行借貸(附註(b))	2,036,211	1,402,136
		<b>3,359,616</b>	<b>2,252,547</b>
<b>Non-current</b>	<b>非即期</b>		
Unsecured bank borrowings	無抵押銀行借貸	705,935	1,164,630
Secured bank borrowings (Note (a))	有抵押銀行借貸(附註(a))	188,357	463,266
Other bank borrowings (Note (b))	其他銀行借貸(附註(b))	4,030,715	3,247,291
		<b>4,925,007</b>	<b>4,875,187</b>
<b>Total borrowings</b>	<b>借貸總額</b>	<b>8,284,623</b>	<b>7,127,734</b>

#### Notes:

- (a) As at 31 December 2019, bank borrowings of RMB520,797,000 (2018: RMB877,404,000) were secured by the pledge of the Group's property, plant and equipment with a net book amount of approximately RMB709,529,000 (2018: RMB834,894,000) (Note 7); pledged bank deposits with a net book amount of RMB8,001,000 (2018: RMB68,450,000) (Note 15); and inventories with a net book amount of RMB66,580,000 (2018: nil) (Note 12).

In addition, bank borrowings as at 31 December 2018 were also pledged by bills receivable with net book amount of RMB97,526,000 (Note 13).

- (b) Other bank borrowings of RMB6,066,926,000 (2018: RMB4,649,427,000) were secured by cross corporate guarantees provided by certain subsidiaries of the Group as at 31 December 2019.

#### 附註:

- (a) 於二零一九年十二月三十一日，人民幣520,797,000元(二零一八年：人民幣877,404,000元)的銀行借貸以本集團的以下各項作抵押：賬面淨值約為人民幣709,529,000元(二零一八年：人民幣834,894,000元)的物業、廠房及設備(附註7)；賬面淨值為人民幣8,001,000元(二零一八年：68,450,000)的已抵押銀行存款(附註15)；賬面淨值為人民幣66,580,000元(二零一八年：無)的存貨(附註12)。

此外，於二零一八年十二月三十一日之銀行借貸亦以賬面淨值為人民幣97,526,000元的應收票據賬款作抵押(附註13)。

- (b) 其他銀行借貸以本集團若干附屬公司提供的於二零一九年十二月三十一日數額為人民幣6,066,926,000元(二零一八年：人民幣4,649,427,000元)的交叉公司擔保作抵押。

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### 19. BORROWINGS (Continued)

The carrying amounts of the borrowings are denominated in the following currencies:

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
RMB	人民幣	1,522,037	1,860,122
HKD	港元	5,433,479	3,911,405
USD	美元	1,329,107	1,356,207
		<b>8,284,623</b>	<b>7,127,734</b>

The weighted average effective interest rates per annum at year end are as follows:

	2019 二零一九年			2018 二零一八年		
	USD 美元	RMB 人民幣	HKD 港元	USD 美元	RMB 人民幣	HKD 港元
Bank borrowings 銀行借貸	3.3%	4.5%	3.6%	3.7%	4.5%	3.3%

At 31 December 2019, the Group's borrowings were repayable as follows:

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Within 1 year	1年內	3,359,616	2,252,547
Between 1 and 2 years	1至2年	2,904,576	2,455,826
Between 2 and 5 years	2至5年	2,020,431	2,419,361
		<b>8,284,623</b>	<b>7,127,734</b>

The fair values of the borrowings approximate their carrying amounts as at the balance sheet date, as the impact of discounting is not significant.

The Group has undrawn floating rates borrowing facilities of approximately RMB4,400,070,000 (2018: RMB2,967,823,000) which will be expired within one year. These facilities are subject to review at various dates during 2020.

The Group has complied with the financial covenants of its borrowing facilities during the 2019 and 2018 reporting period.

### 19. 借貸(續)

借貸的賬面值按以下貨幣計值：

於年結日加權平均實際年利率如下：

於二零一九年十二月三十一日，本集團借貸的還款期如下：

由於折現之影響微不足道，於結算日，借貸之公平值與其賬面值相若。

本集團未動用之浮動息率借貸融資約人民幣4,400,070,000元(二零一八年：人民幣2,967,823,000元)將於一年內到期。該等融資須於二零二零年不同日期作審閱。

於二零一九年及二零一八年報告期間，本集團遵守其借貸融資的財務條款。

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### 20. DERIVATIVE FINANCIAL INSTRUMENTS

### 20. 衍生金融工具

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
<b>Assets:</b>			
	資產：		
Forward foreign exchange contracts (Note (a))	遠期外匯合約(附註(a))	187,736	125,609
Cross currency swap contracts (Note (b))	交叉貨幣掉期合約(附註(b))	87,942	17,946
Cotton future contracts (Note (c))	棉花期貨合約(附註(c))	11,757	1,665
		<b>287,435</b>	<b>145,220</b>
<b>Liabilities:</b>			
	負債：		
Forward foreign exchange contracts (Note (a))	遠期外匯合約(附註(a))	22,010	18,562
Cross currency swap contracts (Note (b))	交叉貨幣掉期合約(附註(b))	7,520	68,235
Cotton future contracts (Note (c))	棉花期貨合約(附註(c))	-	2,671
		<b>29,530</b>	<b>89,468</b>

Non-hedging derivatives are classified as a current asset or liability.

非對沖衍生工具分類為流動資產或負債。

#### Notes:

#### 附註：

- (a) The forward foreign exchange contracts as at 31 December 2019 comprised nineteen contracts with notional principal amounts totalling RMB4,756,373,000 (2018: thirty-one contracts with notional principal amounts totalling RMB5,292,117,000).
- (b) The cross currency swap contracts as at 31 December 2019 comprised fifty-one contracts with notional principal amounts totalling RMB9,658,644,000 (2018: twenty-six contracts with notional principal amounts totalling RMB4,622,139,000).
- (c) The cotton future contract as at 31 December 2019 comprised five contracts with notional principal amount of USD35,583,000 (2018: eleven contracts with notional principal amounts totalling USD24,263,000).

- (a) 於二零一九年十二月三十一日，遠期外匯合約包括十九份合約，名義本金總計為人民幣4,756,373,000元(二零一八年：三十一份合約，名義本金總計為人民幣5,292,117,000元)。
- (b) 於二零一九年十二月三十一日，交叉貨幣掉期合約包括五十一份合約，名義本金總計為人民幣9,658,644,000元(二零一八年：二十六份合約，名義本金總計為人民幣4,622,139,000元)。
- (c) 於二零一九年十二月三十一日，棉花期貨合約包括五份合約，名義本金總計為35,583,000美元(二零一八年：十一份合約，名義本金總計為24,263,000美元)。



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### 21. FINANCE LEASE OBLIGATIONS

The rights to the leased assets are reverted to the lessor in the event of default of the lease liabilities by the Group.

Finance lease obligations were reclassified to lease liabilities on 1 January 2019 in the process of adopting the new leasing standard. See Note 2.2 for further information about the change in accounting policy for leases.

### 21. 融資租賃承擔

倘本集團拖欠租賃負債，則租賃資產之權利將歸還出租人。

在採用新租賃標準的過程中，融資租賃負債於二零一九年一月一日重新分類為租賃負債。有關租賃會計政策變動的進一步資料，請參見附註2.2。

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Gross finance lease liabilities — minimum lease payments	融資租賃負債總額 — 最低租賃付款		
No later than 1 year	1年內	—	885
Later than 1 year and no later than 5 years	1年後至5年內	—	—
Less: future finance charges on finance leases	減：融資租賃之未來融資費用	—	(54)
		—	831
The present value of finance lease liabilities is as follows:	融資租賃負債之現值如下：		
No later than 1 year	1年內	—	831
Later than 1 year and no later than 5 years	1年後至5年內	—	—
		—	831

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### 22. LONG-TERM PAYABLES

### 22. 長期應付賬款

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
No later than 1 year	一年內	105,693	29,329
Later than 1 year and no later than 5 years	一年後至五年內	150,962	130,678
Less: future finance charges on long-term payables	減：長期應付賬款之未來融資費用	(17,871)	(14,819)
		<b>238,784</b>	<b>145,188</b>
The present value of long-term payables is as follows:			
Long-term payables are valued as follows:			
No later than 1 year	一年內	94,572	22,295
Later than 1 year and no later than 5 years	一年後至五年內	144,212	122,893
		<b>238,784</b>	<b>145,188</b>

As at 31 December 2019, included in the long-term payables were amounts due to third parties for purchasing machinery and equipment with a carrying amount of RMB238,784,000 (2018: RMB145,188,000).

於二零一九年十二月三十一日，列入長期應付賬款的款項指就購買機械及設備應付第三方賬面值為人民幣238,784,000元(二零一八年：人民幣145,188,000元)。

Details of the Group's exposure to risks arising from long-term payables are set out in Note 3.1.

有關本集團因長期應付賬款所面臨的風險詳情乃載於附註3.1。

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### 23. DEFERRED INCOME TAX

The analysis of deferred tax assets and deferred tax liabilities is as follows:

### 23. 遞延所得稅

遞延稅項資產及遞延稅項負債之分析如下：

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Deferred tax assets:	遞延稅項資產：		
— Deferred tax assets to be recovered after more than 12 months	— 超過12個月後收回之遞延稅項資產	48,775	25,862
— Deferred tax assets to be recovered within 12 months	— 在12個月內收回之遞延稅項資產	54,901	70,529
		<b>103,676</b>	<b>96,391</b>
Deferred tax liabilities:	遞延稅項負債：		
— Deferred tax liabilities to be settled after more than 12 months	— 超過12個月後支付之遞延稅項負債	(276,845)	(155,824)
— Deferred tax liabilities to be settled within 12 months	— 在12個月內支付之遞延稅項負債	(10,616)	(5,866)
		<b>(287,461)</b>	<b>(161,690)</b>

The movements in deferred tax assets and liabilities during the year are as follows:

於年內遞延稅項資產及負債變動如下：

Deferred income tax assets:

遞延所得稅資產：

		Tax losses 稅務虧損 RMB'000 人民幣千元	Temporary differences 暫時差異 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2018	於二零一八年一月一日	52,152	55,406	107,558
Charged to the consolidated income statement	於綜合收益表扣除	(9,795)	(1,372)	(11,167)
At 31 December 2018	於二零一八年十二月三十一日	42,357	54,034	96,391
Acquisition of subsidiaries (Note 35)	收購附屬公司(附註35)	—	894	894
Credited/(charged) to the consolidated income statement	於綜合收益表貸記/(扣除)	18,580	(12,189)	6,391
At 31 December 2019	於二零一九年十二月三十一日	<b>60,937</b>	<b>42,739</b>	<b>103,676</b>

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### 23. DEFERRED INCOME TAX (Continued)

Deferred income tax liabilities:

### 23. 遞延所得稅(續)

遞延所得稅負債：

		Fair value adjustments on assets relating to business combinations 有關業務合併之資產之公平值調整 RMB'000 人民幣千元	Revaluation of buildings 樓宇重估 RMB'000 人民幣千元	Withholding tax relating to unremitted earnings of subsidiaries 有關附屬公司未匯付盈利的預扣稅 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2018	於二零一八年一月一日	42,497	26,827	79,848	149,172
Charge/(credit)	扣除/(貸記)				
— to consolidated income statement	— 於綜合收益表	(3,197)	(2,328)	1,568	(3,957)
Acquisition of subsidiaries	收購附屬公司	16,475	—	—	16,475
At 31 December 2018	於二零一八年十二月三十一日	55,775	24,499	81,416	161,690
Charge/(credit)	扣除/(貸記)				
— to other comprehensive income	— 於其他全面收益	—	38,203	—	38,203
— to consolidated income statement	— 於綜合收益表	(6,909)	(2,212)	12,998	3,877
Acquisition of subsidiaries (Note 35)	收購附屬公司(附註35)	64,504	—	19,187	83,691
At 31 December 2019	於二零一九年十二月三十一日	113,370	60,490	113,601	287,461

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable. As at 31 December 2019 and 2018, the Group has recognised the deferred income tax assets for all tax loss carry-forwards.

Deferred income tax of RMB2,212,000 (2018: RMB2,328,000) was transferred from other reserves to retained earnings. This represents deferred tax on the difference between the actual depreciation on buildings and the equivalent depreciation based on the historical cost of buildings.

Deferred income tax liabilities of RMB113,601,000 (2018: RMB81,416,000) have been recognised for the withholding tax that would be payables on the earnings of subsidiaries when remitted to the Company. As at 31 December 2019, the unremitted earnings of subsidiaries is RMB2,272,020,000 (2018: RMB1,628,320,000). There are no unremitted earnings with no deferred tax liabilities recognised (2018: nil).

遞延所得稅資產乃就結轉之稅項虧損確認，惟以有可能透過日後之應課稅溢利變現有關稅項利益為限。於二零一九年及二零一八年十二月三十一日，本集團已就所有結轉之稅項虧損確認遞延所得稅資產。

人民幣2,212,000元(二零一八年：人民幣2,328,000元)的遞延所得稅乃由其他儲備轉撥至保留溢利。此代表樓宇的實際折舊與根據樓宇的歷史成本計算的相同折舊之間的差額的遞延稅項。

本集團已就附屬公司匯入本公司的盈利應付預扣稅確認遞延所得稅負債人民幣113,601,000元(二零一八年：人民幣81,416,000元)。於二零一九年十二月三十一日，附屬公司未匯付盈利為人民幣2,272,020,000元(二零一八年：人民幣1,628,320,000元)。並無未確認的遞延稅項負債的未匯付盈利(二零一八年：無)。

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### 24. TRADE AND BILLS PAYABLES

### 24. 應付貿易及票據款項

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Trade payables	應付貿易款項	811,591	693,210
Bills payable	應付票據款項	2,224,277	2,829,504
		<b>3,035,868</b>	<b>3,522,714</b>

As at 31 December 2019, included in trade payables were amounts due to related parties of RMB13,975,000 (2018: RMB5,871,000) (Note 37).

於二零一九年十二月三十一日，應付貿易款項中包含應付關連方的款項共計人民幣13,975,000元(二零一八年：人民幣5,871,000元)(附註37)。

The fair values of trade and bills payables approximate their carrying amounts.

應付貿易及票據款項之公平值接近其賬面值。

The ageing analysis of the trade and bills payables (including amounts due to related parties of trading in nature) based on invoice date is as follows:

應付貿易及票據款項(包括性質為應付貿易關連方之款項)按發票日期之賬齡分析如下：

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Within 90 days	90日內	2,235,897	2,356,142
91 to 180 days	91日至180日	781,214	1,155,029
181 days to 1 year	181日至1年	11,600	8,003
Over 1 year	1年以上	7,157	3,540
		<b>3,035,868</b>	<b>3,522,714</b>

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#### 24. TRADE AND BILLS PAYABLES (Continued)

Trade and bills payables are denominated in the following currencies:

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
USD	美元	2,535,990	3,038,529
RMB	人民幣	379,616	195,277
VND	越南盾	113,168	143,986
Mexican Peso	墨西哥披索	3,628	-
HKD	港元	3,466	144,702
EURO	歐元	-	220
		<b>3,035,868</b>	<b>3,522,714</b>

#### 24. 應付貿易及票據款項(續)

應付貿易及票據款項按以下貨幣計值：

#### 25. ACCRUALS AND OTHER PAYABLES

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Accrued wages and salaries	應計工資及薪酬	328,216	281,152
Payables for purchase of property, plant and equipment	購買物業、廠房及設備之應付賬款	192,704	208,821
Accrual of operating expenses	應計經營開支	155,146	142,682
Tax payables other than enterprise income tax	應付稅項(企業所得稅除外)	61,636	32,907
Interest payable	應付利息	8,067	11,169
Other payables	其他應付賬款	52,189	50,488
		<b>797,958</b>	<b>727,219</b>

#### 25. 預提費用及其他應付賬款

As at 31 December 2019 and 31 December 2018, the carrying amounts of the Group's accruals and other payables approximate their fair values.

於二零一九年十二月三十一日及二零一八年十二月三十一日，本集團的預提費用及其他應付賬款的賬面值與其公平值相若。



## 綜合財務報表附註

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 26. OTHER INCOME AND OTHER GAINS/(LOSSES) — NET 26. 其他收入及其他收益/(虧損) — 淨額

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Other income	其他收入		
Subsidy income (a)	補貼收入(a)	143,966	214,198
Other gains/(losses) — net	其他收益/(虧損) — 淨額		
Gains on acquisition of subsidiaries (Note 35)	收購附屬公司收益(附註35)	209,019	—
Gains on disposal of subsidiaries	出售附屬公司之收益	18,581	7,679
Gains on disposal of joint-ventures	出售合營企業之收益	—	200
Derivative financial instruments at fair value through profit or loss:	按公平值計入損益之衍生金融工具：		
— Realised losses	— 已變現虧損	(58,055)	(3,601)
— Unrealised profits/(losses)	— 未變現溢利/(虧損)	202,653	(12,992)
Net foreign exchange losses (Note 30)	匯兌虧損淨額(附註30)	(21,194)	(65,925)
Others	其他	7,342	15,686
<b>Total other profits/(losses) — net</b>	<b>其他溢利/(虧損)總額 — 淨額</b>	<b>358,346</b>	<b>(58,953)</b>

(a) The subsidy income were mainly related to incentives for development in Xinjiang, Jiangsu, Shandong, Zhejiang and Shanghai of Mainland China provided by municipal governments based on the amounts of value added tax and income tax paid. The Group has received all the subsidy income and there was no future obligation related to these subsidy income.

(a) 補貼收入主要為來自於中國大陸新疆、江蘇、山東、浙江及上海發展所獲得之由市政府根據已付增值稅及所得稅金額提供之優惠。本集團已收取全數補貼收入，以及並無有關該等補貼收入之未來責任。

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 27. EXPENSES BY NATURE

### 27. 開支(按性質分類)

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Raw materials and consumables used	耗用原材料及消耗品	14,913,453	13,068,997
Changes in inventories of finished goods and work in progress	製成品及在製品存貨變動	50,013	(506,319)
Employment benefit expenses (Note 28)	僱員福利開支(附註28)	2,648,876	2,193,451
Depreciation and amortisation (Note 6, Note 7, Note 8 and Note 9)	折舊及攤銷 (附註6、附註7、附註8及附註9)	922,691	753,202
Losses on disposal of property, plant and equipment (Note 34)	出售物業、廠房及設備虧損 (附註34)	5,553	2,618
Office expenses	辦公開支	114,707	99,190
Utilities	動力及燃料	1,327,009	1,036,364
Transportation costs	運輸成本	456,706	386,939
Auditor's remuneration	核數師酬金		
— Annual audit services	— 年度審核服務	3,850	4,000
— Non-audit services	— 非審核服務	416	1,430
Rental expenses for buildings and machinery (Note 8)	樓宇及機器租金開支(附註8)	9,514	62,038
Net accrual of provision for decline in the value of inventories (Note 12)	存貨減值撥備計提淨額(附註12)	8,957	4,445
Other expenses	其他開支	405,411	309,678
Total cost of sales, selling and distribution costs and general and administrative expenses	銷售成本、銷售及分銷開支以及一般及行政開支總額	20,867,156	17,416,033

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 28. EMPLOYMENT BENEFIT EXPENSES

### 28. 僱員福利開支

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Wages, salaries and bonuses	工資、薪酬及花紅	2,378,864	1,954,530
Pension costs — defined contribution plans (Note (a))	退休金成本 — 界定供款計劃 (附註(a))	155,408	132,106
Other welfare benefits (Note (b))	其他福利 (附註(b))	67,776	55,125
Other employment benefits	其他僱員福利	46,828	51,690
		<b>2,648,876</b>	<b>2,193,451</b>

#### (a) Pension — defined contribution plans

As stipulated by rules and regulations in Mainland China, the Group has participated in state-sponsored defined contribution retirement plans for its employees in Mainland China. The Group and the eligible employees are required to contribute 14% to 22% and 7% to 8%, respectively, of the employees' basic salary (subject to a cap) at rates as stipulated by the relevant municipal governments. The Group has no further obligations for the actual payment of pensions or post-retirement benefits beyond the annual contributions. The state-sponsored retirement plans are responsible for the entire pension obligations payable to the retired employees. During the year ended 31 December 2019, the Group contributed approximately RMB81,736,000 (2018: RMB73,253,000) to the aforesaid state-sponsored retirement plans.

As stipulated by rules and regulations in Vietnam, the Group contributes to stated-sponsored employees' social insurance scheme for its employees in Vietnam. The Group contributes to the scheme at a rate of 20% of the employee's salary. The stated-sponsored social insurance scheme is responsible for the entire obligations payable to retired employees. During the year ended 31 December 2019, the Group contributed approximately RMB64,715,000 (2018: RMB56,819,000) to the aforesaid state-sponsored social insurance scheme.

As stipulated by rules and regulations in other countries and regions, during the year ended 31 December 2019, the Group contributed approximately RMB8,957,000 (2018: RMB2,034,000) to the social insurance scheme of those countries and regions.

#### (a) 退休金 — 界定供款計劃

本集團已為其中國大陸僱員參與國家資助的界定供款退休計劃。本集團及合資格僱員須分別就僱員基本薪金的14%至22%及7%至8%作出供款(訂有上限)，比率由有關市政府規定。除此項年度供款外，本集團對其任何實際退休金支出或退休後福利則毋須再作任何承擔。退休僱員的所有退休金支出概由國家資助退休計劃承擔。於截至二零一九年十二月三十一日止年度，本集團向上述國家資助退休計劃分別供款約人民幣81,736,000元(二零一八年：人民幣73,253,000元)。

根據越南規則及法規規定，本集團已為其越南僱員向國家資助的僱員社會保險計劃作出供款。本集團按僱員薪金的20%向該計劃供款。退休僱員的所有支出概由國家資助的社會保險計劃承擔。於截至二零一九年十二月三十一日止年度，本集團向上述國家資助的社會保險計劃供款約人民幣64,715,000元(二零一八年：人民幣56,819,000元)。

根據其他國家及地區的規則及法規規定，本集團於截至二零一九年十二月三十一日止年度向該等國家及地區之社會福利計劃供款約人民幣8,957,000元(二零一八年：人民幣2,034,000元)。

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### 28. EMPLOYMENT BENEFIT EXPENSES (Continued)

#### (b) Other welfare benefits

All of the Group's employees in Mainland China participate in employee social security plans, including medical, housing and other welfare benefits, organised and administered by governmental authorities. During the year ended 31 December 2019, the Group contributed approximately RMB67,776,000 (2018: RMB55,125,000) to these plans and the Group has no further obligations for the actual payment of these plans.

#### (c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include four (2018: three) directors whose emoluments are reflected in the analysis shown in Note 40. The emoluments payable to the remaining one (2018: two) individual are as follows:

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Basic salaries and allowances	基本薪金及津貼	3,221	1,006
Bonuses	花紅	342	2,564
		<b>3,563</b>	<b>3,570</b>

### 28. 僱員福利開支(續)

#### (b) 其他福利

本集團於中國大陸的所有僱員均參與僱員社會保障計劃，該計劃包括由政府機構籌劃及監控的醫療、房屋及其他福利。於截至二零一九年十二月三十一日止年度，本集團就上述計劃供款約人民幣67,776,000元(二零一八年：人民幣55,125,000元)及本集團對該等供款的實際付款並無進一步責任。

#### (c) 五位最高薪酬人士

於本年度，本集團五位最高薪酬人士其中四位(二零一八年：三位)為董事，其酬金於附註40的分析內反映。應付予餘下一位(二零一八年：兩位)人士之酬金如下：

### 29. FINANCE INCOME AND COSTS

### 29. 財務收入及費用

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Interest expenses	利息開支		
— borrowings	— 借貸	441,525	346,813
— long term payables	— 長期應付賬款	9,753	—
— lease liabilities (Note 8)	— 租賃負債(附註8)	6,077	—
— finance lease obligations	— 融資租賃承擔	—	250
		<b>457,355</b>	<b>347,063</b>
Net exchange losses on financing activities (Note 30)	融資活動所得匯兌虧損淨額(附註30)	118,863	164,800
Finance costs	財務費用	576,218	511,863
Finance income — interest income on bank deposits	財務收入 — 銀行存款利息收入	(28,467)	(18,371)
Net finance costs	財務費用淨額	<b>547,751</b>	<b>493,492</b>

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 30. NET FOREIGN EXCHANGE LOSSES

The exchange differences included in the consolidated income statement are as follows:

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Finance costs (Note 29)	財務費用(附註29)	118,863	164,800
Other losses — net (Note 26)	其他虧損 — 淨額(附註26)	21,194	65,925
Net foreign exchange losses	匯兌虧損淨額	140,057	230,725

### 30. 匯兌虧損淨額

於綜合收益表計入之匯兌差額包括以下項目：

### 31. INCOME TAX EXPENSE

The amount of income tax charged to the consolidated income statement represents:

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Current tax on profits for the year	年度溢利之即期稅項	197,162	262,064
Adjustment in respect of prior years	過往年度調整	(2,597)	(13,317)
Deferred income tax (Note 23)	遞延所得稅(附註23)	(2,514)	7,210
		192,051	255,957

### 31. 所得稅開支

於綜合收益表扣除之所得稅金額如下：

**31. INCOME TAX EXPENSE (Continued)**

**(a) Hong Kong profits tax**

Subsidiaries established in Hong Kong are subject to profits tax at rate of 16.5% (2018: 16.5%).

**(b) Mainland China enterprise income tax (“EIT”)**

Effective from 1 January 2008, the subsidiaries established in Mainland China are required to determine and pay the EIT in accordance with the Corporate Income Tax Law of the PRC (the “New CIT Law”) as approved by the National People’s congress on 16 March 2007 and Detailed Implementations Regulations of the New CIT Law (the “DIR”) as approved by the State Council on 6 December 2007. According to the New CIT Law and DIR, subsidiaries established in Mainland China are subject to EIT at rate of 25% during the year (2018: 25%).

As approved by the relevant tax bureau in Mainland China, four subsidiaries established in Jiangsu, one subsidiary established in Xinjiang and two subsidiaries established in Guangdong respectively are entitled to a preferential tax rate of 15% during the year (2018: one subsidiary established in Jiangsu, one subsidiary established in Xinjiang and two subsidiaries established in Guangdong respectively are entitled to a preferential tax rate at 15%). Such preferential tax treatments require annual assessment on meeting the stipulated conditions and re-application to maintain the lower tax rate status every few years.

**(c) Vietnam income tax**

The income tax for the major subsidiaries in Vietnam are as below:

As approved by the relevant tax bureau in Vietnam, Texhong Renze Textile Joint Stock Company established in Vietnam in 2006 should separately calculate income tax on its initial supplementary investments. The initial investment of the subsidiary is entitled to three years’ exemption from income taxes followed by seven years of a 50% tax reduction and is entitled to a preferential income tax rate of 15% for 12 years. The first supplementary investment of the subsidiary is entitled to three years’ exemption from income taxes followed by five years of a 50% tax reduction based on the income tax rate of 20% (2018: 20%). The second supplementary investment of the subsidiary is entitled to two years’ exemption from income taxes followed by four years of a 50% tax reduction based on the income tax rate of 20% (2018: 20%).

**31. 所得稅開支(續)**

**(a) 香港利得稅**

本公司於香港成立之附屬公司須按 16.5% (二零一八年：16.5%) 之稅率繳納利得稅。

**(b) 中國大陸企業所得稅(「企業所得稅」)**

由二零零八年一月一日起，於中國大陸成立之附屬公司，須依照全國人民代表大會於二零零七年三月十六日通過之中國企業所得稅法(「新企業所得稅法」)，和國務院於二零零七年十二月六日批准之新企業所得稅法條例實施細則(「條例實施細則」)，釐定並繳納企業所得稅。根據新企業所得稅法及條例實施細則，在中國大陸成立之附屬公司於年內須繳納企業所得稅，稅率為25%(二零一八年：25%)。

經中國大陸有關稅務局批准，四家在江蘇成立的附屬公司、一家在新疆成立的附屬公司及兩家在廣東成立的附屬公司於年內有權享有 15% 的優惠稅率(二零一八年：一家在江蘇成立的附屬公司、一家在新疆成立的附屬公司及兩家在廣東成立的附屬公司有權享有 15% 的優惠稅率)。此類稅收優惠政策要求每年評估是否符合規定條件，並須每隔幾年重新申請以維持較低的稅率。

**(c) 越南所得稅**

在越南的主要附屬公司之所得稅如下：

經越南的相關稅務局批准，天虹仁澤紡織股份有限公司於二零零六年在越南成立，可就其初步補充投資獨立計算所得稅。該附屬公司的初步投資有權免繳所得稅三年，其後七年則可獲稅率減半優惠，並有權享受優惠所得稅稅率 15% 達十二年。該附屬公司的首項補充投資有權免繳所得稅三年，其後五年根據 20% (二零一八年：20%) 的所得稅稅率繳付，可獲稅率減半優惠。該附屬公司的第二項補充投資獲豁免繳納所得稅兩年，其後四年根據 20% (二零一八年：20%) 的所得稅稅率，可獲所得稅減半優惠。



**31. INCOME TAX EXPENSE (Continued)**

**(c) Vietnam income tax (Continued)**

As approved by the relevant tax bureau in Vietnam, Texhong Yinlong Technology Ltd., Texhong Galaxy Technology Limited, Texhong Winnitex Vietnam Limited and Texhong United Technology Vietnam Company Limited established in Vietnam in 2014, 2016 and 2018, respectively are entitled to four years' exemption for income taxes followed by nine years of a 50% tax reduction, commencing from the first profitable year after offsetting the losses carried forward from the previous years, and are entitled to a preferential income tax rate of 10% for 15 years, commencing from the first year generating income from the operation.

The applicable tax rates for all subsidiaries in Vietnam range from nil to 20% during the year (2018: nil to 20%).

**(d) Other income or profits tax**

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands and, accordingly, is exempted from payment of Cayman Islands income tax.

The Company's subsidiaries established in the British Virgin Islands were incorporated under the International Business Companies Acts or the Business Companies Acts, 2004 of the British Virgin Islands and, accordingly, are exempted from payment of British Virgin Islands income tax.

The Company's subsidiary established in Macao is subject to income tax rate of 12% (2018: 12%). No provision for Macao profits tax has been made as the Group had no assessable profit arising in or derived from Macao during the year (2018: nil).

The Company's subsidiary established in Uruguay is subject to income tax rate of 25% (2018: 25%). No provision for Uruguay profits tax has been made as the Group had no assessable profit arising in or derived from Uruguay during the year (2018: nil).

The Company's subsidiary established in Turkey is subject to income tax at the rate of 22% (2018: 22%). No provision for Turkey profits tax has been made as the Group had no assessable profit arising in or derived from Turkey during the year (2018: nil).

**31. 所得稅開支(續)**

**(c) 越南所得稅(續)**

經越南的相關稅務局批准，於二零一四年、二零一六年及二零一八年分別在越南成立的天虹銀龍科技有限公司、天虹銀河科技有限公司、天虹慶業越南有限公司及天虹聯合科技越南有限公司有權於抵銷過往年度結轉的虧損後首個獲利年度起，免繳所得稅四年，其後九年則可獲稅率減半優惠，並有權由業務產生收入之首個年度起享受優惠所得稅稅率10%達十五年。

年內，在越南的所有附屬公司的適用稅率，介乎零至20%（二零一八年：零至20%）。

**(d) 其他所得或利得稅**

本公司根據開曼群島公司法於開曼群島註冊成立為獲豁免有限公司，因此獲免繳開曼群島所得稅。

本公司於英屬處女群島成立之附屬公司乃根據英屬處女群島國際商業公司法或二零零四年商業公司法註冊成立，因此獲免繳英屬處女群島所得稅。

本公司於澳門成立之附屬公司須按12%（二零一八年：12%）之稅率繳付所得稅。由於本集團於年內概無在澳門產生或從澳門賺取應課稅溢利，故概無就澳門利得稅作出撥備（二零一八年：零）。

本公司於烏拉圭成立之附屬公司須按25%（二零一八年：25%）之稅率繳付所得稅。概無就烏拉圭利得稅計提撥備，因為本集團於年內並無於烏拉圭產生或獲得應課稅溢利（二零一八年：零）。

本公司於土耳其成立之附屬公司須按22%（二零一八年：22%）之稅率繳付所得稅。由於本集團於年內概無在土耳其產生或從土耳其賺取應課稅溢利，故概無就土耳其利得稅作出撥備（二零一八年：零）。

31. INCOME TAX EXPENSE (Continued)

(d) Other income or profits tax (Continued)

The Company's subsidiary in Cambodia acquired in 2017 is subject to income tax at the rate of 20% (2018: 20%). No provision for Cambodia profits tax has been made as the Group had no assessable profit arising in or derived from the subsidiary during the year (2018: nil).

The Company's subsidiaries in Nicaragua acquired and established in 2017 and 2018 respectively are subject to income tax at the rate of 30% (2018: 30%). As approved by relevant tax bureau in Nicaragua, the subsidiaries are entitled to exemption from profits tax during the year (2018: exempted).

The Company's subsidiaries in Samoa acquired in 2017 are exempted from profits tax during the year (2018: exempted).

The Company's subsidiaries in the USA acquired in 2018 are subject to income tax rate within the range from 27.5% to 30% during the year (2018: 27.5% to 30%).

The Company's subsidiaries established in Mexico are subject to income tax at the rate of 30% (2018: 30%).

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities, as follows:

31. 所得稅開支(續)

(d) 其他所得或利得稅(續)

本公司於二零一七年在柬埔寨收購之附屬公司須按20%之稅率繳付所得稅(二零一八年: 20%)。由於本集團年內並無由該附屬公司產生或衍生的應課稅溢利, 故概無就柬埔寨利得稅作出撥備(二零一八年: 無)。

本公司於二零一七年及二零一八年在尼加拉瓜收購及成立之附屬公司須按30%之稅率繳付所得稅(二零一八年: 30%)。經尼加拉瓜有關稅務局批准, 該等附屬公司於年內獲豁免繳付利得稅(二零一八年: 豁免)。

本公司於二零一七年在薩摩亞收購之附屬公司於年內豁免繳付利得稅(二零一八年: 豁免)。

年內, 本公司於二零一八年在美國所收購之附屬公司須按介乎27.5%至30%之所得稅稅率繳稅(二零一八年: 27.5%至30%)。

本公司在墨西哥成立之附屬公司須按30%之稅率繳付所得稅(二零一八年: 30%)。

本集團除所得稅前溢利的稅款與根據適用於綜合實體溢利的加權平均稅率計算之理論金額不同, 差異如下:

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Profit before income tax, after excluding share of profits of investments accounted for using the equity method	除所得稅前溢利(經扣除應佔以權益法入賬之投資溢利)	1,086,710	1,401,982
Tax calculated at domestic tax rates applicable to profits of the respective subsidiaries	按適用於相關附屬公司之溢利之當地稅率計算之稅項	241,820	344,149
Effect of tax exemption	稅項豁免之影響	(62,199)	(78,385)
Expenses not deductible for tax purposes	不可扣稅開支	2,029	1,942
Adjustment in respect of prior years	過往年度調整	(2,597)	(13,317)
Withholding tax relating to unremitted earnings of subsidiaries	有關附屬公司未匯付盈利的預扣稅	12,998	1,568
		<b>192,051</b>	<b>255,957</b>

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### 31. INCOME TAX EXPENSE (Continued)

#### (d) Other income or profits tax (Continued)

The weighted average applicable tax rate was 22.3% (2018: 24.5%).

10% withholding income tax is generally imposed on dividends relating to any profits earned in PRC commencing from 2008 to foreign investors, while for some PRC entities held by companies incorporated in certain places, including Hong Kong and Singapore, preferential tax rate of 5% will be applied if such companies are the beneficial owner of over 25% of these PRC entities according to PRC tax regulations.

### 32. EARNINGS PER SHARE

#### (a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

### 31. 所得稅開支(續)

#### (d) 其他所得或利得稅(續)

適用的加權平均稅率為22.3%(二零一八年: 24.5%)。

中國企業所得稅對境外投資者獲分派二零零八年及之後賺取的利潤的股息一般徵收10%預提所得稅，而就若干地區(包括香港及新加坡)註冊成立之公司所持有的中國實體而言，倘該等公司根據中國之稅務條例為該等中國實體超過25%權益之實益擁有人，則享有5%的優惠稅率。

### 32. 每股盈利

#### (a) 基本

每股基本盈利以本公司擁有人應佔溢利除以年內已發行普通股之加權平均數計算。

		2019 二零一九年	2018 二零一八年
Profit attributable to owners of the Company (RMB'000)	本公司擁有人應佔溢利 (人民幣千元)	883,726	1,163,092
Weighted average number of ordinary shares in issue (thousands)	已發行普通股加權平均數 (以千計)	915,000	915,000
Basic earnings per share (RMB per share)	每股基本盈利 (每股人民幣元)	0.97	1.27

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### 32. EARNINGS PER SHARE (Continued)

#### (b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the Company's share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

### 32. 每股盈利(續)

#### (b) 攤薄

每股攤薄盈利乃透過調整發行在外的普通股加權平均數計算，以假設所有具攤薄影響之潛在普通股獲轉換。就本公司之購股權而言，本公司已根據未行使購股權附帶之認購權之幣值，計算能夠按公平值(釐定為本公司股份之平均年度市價)收購的股份數目。上述計算所得之股份數目與假設購股權獲行使的情況下，已發行的股份數目比較。

		2019 二零一九年	2018 二零一八年
Profit attributable to owners of the Company (RMB'000)	本公司擁有人應佔溢利 (人民幣千元)	883,726	1,163,092
<b>Weighted average number of ordinary shares in issue (thousands)</b>	<b>已發行普通股加權平均數 (以千計)</b>	<b>915,000</b>	915,000
Adjustments for:	調整：		
— Share options (thousands)	— 購股權(以千計)	714	1,799
Weighted average number of ordinary shares for diluted earnings per share (thousands)	每股攤薄盈利之普通股加權 平均數(以千計)	915,714	916,799
Diluted earnings per share (RMB per share)	每股攤薄盈利 (每股人民幣元)	0.97	1.27

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### 33. DIVIDENDS

The dividend paid in 2019 were RMB307,166,000 (2018: RMB340,262,000), being HKD0.38 per ordinary share (2018: HKD0.44 per ordinary share).

### 33. 股息

於二零一九年已支付的股息金額為人民幣307,166,000元(二零一八年: 人民幣340,262,000元), 每股普通股0.38港元(二零一八年: 每股普通股0.44港元)。

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Final dividend for the year ended 31 December 2018 of HKD0.20 (2017: HKD0.21) per ordinary share	截至二零一八年十二月三十一日止年度末期股息每股普通股0.20港元(二零一七年: 0.21港元)	158,936	156,160
Interim dividend for the year ended 31 December 2019 of HKD0.18 (2018: HKD0.23) per ordinary share	截至二零一九年十二月三十一日止年度中期股息每股普通股0.18港元(二零一八年: 0.23港元)	148,230	184,102
		<b>307,166</b>	<b>340,262</b>

A proposed final dividend in respect of the year ended 31 December 2019 of HKD0.15 (2018: HKD0.20) per ordinary share, amounting to a total dividend of RMB122,949,000 (2018: RMB160,345,000) is to be presented for approval at the annual general meeting of the Company on 8 May 2020. These financial statements do not reflect this as dividend payable.

截至二零一九年十二月三十一日止年度之擬派末期股息為每股普通股0.15港元(二零一八年: 0.20港元), 股息總金額達人民幣122,949,000元(二零一八年: 人民幣160,345,000元), 將於本公司二零二零年五月八日之股東週年大會上提呈批准。此等財務報表並不反映此項為應付股息。

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Proposed final dividend for the year ended 31 December 2019 of HKD0.15 (2018: HKD0.20) per ordinary share	截至二零一九年十二月三十一日止年度擬派末期股息每股普通股0.15港元(二零一八年: 0.20港元)	122,949	160,345

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### 34. CASH FLOW INFORMATION

#### (a) Cash generated from operations

The reconciliation from profit before income tax to cash generated from operations is as follows:

### 34. 現金流量資料

#### (a) 經營所產生的現金

除所得稅前溢利與經營產生的現金對賬如下：

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Profit before income tax	除所得稅前溢利	1,114,800	1,423,900
Adjustments for:	經調整：		
— Amortisation and depreciation	— 攤銷及折舊	922,691	753,202
— Share of profits less losses of investments accounted for using equity method	— 應佔以權益法入賬之投資溢利減虧損	(28,090)	(21,918)
— Amortisation of share option scheme	— 購股權計劃攤銷	298	500
— Losses on disposal of property, plant and equipment (Note 27)	— 出售物業、廠房及設備虧損(附註27)	5,553	2,618
— Finance costs — net	— 財務費用淨額	547,751	493,492
— Fair value (gains)/losses on derivative financial instruments and assets (Note 26)	— 衍生金融工具及資產公平值(收益)/虧損(附註26)	(202,653)	12,992
— Settlement on derivative financial instruments (Note 26)	— 衍生金融工具結算(附註26)	58,055	3,601
— Gains on disposal of joint-ventures (Note 26)	— 出售合營企業之收益(附註26)	—	(200)
— Gain on disposal of a subsidiary (Note 26)	— 出售一間附屬公司之收益(附註26)	(18,581)	(7,679)
— Gains on acquisition of subsidiaries (Note 26)	— 收購附屬公司之收益(附註26)	(209,019)	—
— Costs related to acquisition of subsidiaries (Note 35)	— 收購附屬公司有關之費用(附註35)	890	240
— Net exchange differences	— 匯兌差額淨額	(11,797)	(18,284)
Changes in working capital (excluding the effects of exchange differences on consolidation):	營運資金變動(綜合賬目之匯兌差額的影響除外)：		
— Inventories	— 存貨	552,393	(1,379,581)
— Properties under development	— 發展中物業	(1,522)	(200,667)
— Trade and bills receivables	— 應收貿易及票據款項	386,793	(21,913)
— Prepayments, deposits and other receivables	— 預付款項、按金及其他應收賬款	139,378	(215,486)
— Trade and bills payables	— 應付貿易及票據款項	(646,061)	132,872
— Contract liabilities	— 合約負債	36,082	88,272
— Accruals and other payables	— 預提費用及其他應付款項	(107,246)	(114,952)
— Pledged bank deposits	— 已抵押銀行存款	63,092	11,680
Cash generated from operations	經營所產生的現金	2,602,807	942,689



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### 34. CASH FLOW INFORMATION (Continued)

#### (a) Cash generated from operations (Continued)

In the consolidated cash flow statement, proceeds from disposal of property, plant and equipment include:

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Net book amount — property, plant and equipment (Note 7)	賬面淨值 — 物業、廠房及設備 (附註7)	20,025	47,136
Losses on disposal of property, plant and equipment (Note 27)	出售物業、廠房及設備虧損 (附註27)	(5,553)	(2,618)
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備所得款項	14,472	44,518

#### (b) Non-cash investing and financing activities

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Acquisition of plant and equipment by means of long-term payables (Note 22)	以長期應付賬款方式收購廠房及設備 (附註22)	123,445	145,188

#### (c) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the years presented.

Net debt	淨債務	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Cash and cash equivalents	現金及現金等值物	1,830,859	1,054,721
Pledged bank deposits	已抵押銀行存款	21,478	145,019
Borrowings	借款	(8,284,623)	(7,127,734)
Finance leases	融資租賃	—	(831)
Lease liabilities	租賃負債	(171,156)	—
Long term payables	長期應付賬款	(238,784)	(145,188)
Net debt	淨債務	(6,842,226)	(6,074,013)
Cash and cash equivalents	現金及現金等值物	1,830,859	1,054,721
Pledged bank deposits	已抵押銀行存款	21,478	145,019
Gross debt — fixed interest rates	總債務 — 固定利率	(2,204,974)	(2,105,995)
Gross debt — variable interest rates	總債務 — 浮動利率	(6,489,589)	(5,167,758)
Net debt	淨債務	(6,842,226)	(6,074,013)

### 34. 現金流量資料 (續)

#### (a) 經營所產生的現金 (續)

於綜合現金流量表中出售物業、廠房及設備的所得款項包括：

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Net book amount — property, plant and equipment (Note 7)	賬面淨值 — 物業、廠房及設備 (附註7)	20,025	47,136
Losses on disposal of property, plant and equipment (Note 27)	出售物業、廠房及設備虧損 (附註27)	(5,553)	(2,618)
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備所得款項	14,472	44,518

#### (b) 非現金投資及融資活動

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Acquisition of plant and equipment by means of long-term payables (Note 22)	以長期應付賬款方式收購廠房及設備 (附註22)	123,445	145,188

#### (c) 淨債務對賬

本節載列各個呈列年度的淨債務分析及淨債務變動。

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### 34. CASH FLOW INFORMATION (Continued) (c) Net debt reconciliation (Continued)

### 34. 現金流量資料(續) (c) 淨債務對賬(續)

		Other assets 其他資產		Liabilities from financing activities 來自融資活動之負債				Total 總計
		Cash and cash overdrafts 現金及現金透支 RMB'000 人民幣千元	Pledged bank deposits 已抵押銀行存款 RMB'000 人民幣千元	Finance leases 融資租賃 RMB'000 人民幣千元	Lease liabilities 租賃負債 RMB'000 人民幣千元	Long term payables 長期應付賬款 RMB'000 人民幣千元	Borrowings 借款 RMB'000 人民幣千元	
<b>Net debt as at 1 January 2018</b>	於二零一八年一月一日的淨債務	1,466,718	88,249	(7,210)	-	-	(5,549,598)	(4,001,841)
Cash flows	現金流	(411,997)	56,770	6,629	-	-	(1,413,336)	(1,761,934)
Foreign exchange adjustments	外匯調整	-	-	-	-	-	(164,800)	(164,800)
Other changes (i)	其他變動(i)	-	-	(250)	-	(145,188)	-	(145,438)
<b>Net debt as at 31 December 2018</b>	於二零一八年十二月三十一日的淨債務	1,054,721	145,019	(831)	-	(145,188)	(7,127,734)	(6,074,013)
Recognised on adoption of HKFRS 16 (see note 2.2)	採納香港財務報告準則第16號時確認(見附註2.2)	-	-	831	(183,461)	-	-	(182,630)
		1,054,721	145,019	-	(183,461)	(145,188)	(7,127,734)	(6,256,643)
Cash flows	現金流	776,138	(123,541)	-	33,782	29,849	(1,038,026)	(321,798)
Acquisition — leases	收購 — 租賃	-	-	-	(21,477)	-	-	(21,477)
Foreign exchange adjustments	外匯調整	-	-	-	-	-	(118,863)	(118,863)
Other changes (i)	其他變動(i)	-	-	-	-	(123,445)	-	(123,445)
<b>Net debt as at 31 December 2019</b>	於二零一九年十二月三十一日的淨債務	1,830,859	21,478	-	(171,156)	(238,784)	(8,284,623)	(6,842,226)

(i) Other changes include non-cash movements and reclassifications.

(i) 其他變動包括非現金變動及重新分類。

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### 35. BUSINESS COMBINATIONS

On 1 April 2019, the Group acquired and eventually held the 80% interests of bundled companies from Winnitex Group Limited and Winnitex China Holdings Limited (the “Vendors”). The Group firstly acquired the 100% interests of Winnitex Holdings Limited, Winnitex Limited and Zhejiang Qing Mao Weaving, Dyeing & Printing Co., Ltd. (the “Target Group”) from the Vendors for a total consideration of RMB1,122,940,000 and then contributed the Target Group, together with the injection of the garment fabric business in Vietnam and Nicaragua of the Group into the enlarged garment fabric business (the “Enlarged Garment Fabric Business”) held by Texhong Winnitex Holdings Limited (“Texhong Winnitex”). In the meantime, the Vendors injected capital of RMB416,165,000 into Texhong Winnitex to acquire the 20% interests of the Enlarged Garment Fabric Business.

The particulars of the Target Group are set out as follows:

Name of companies 公司名稱	Place of incorporation 註冊成立地點	Principal activities 主要業務
Winnitex Holdings Limited 慶業控股有限公司	BVI 英屬處女群島	Investment holding company 投資控股公司
Winnitex Limited 慶業有限公司	Hong Kong 香港	Sales of woven garment fabrics 銷售梭織面料
Zhejiang Qing Mao Weaving, Dyeing & Printing Co., Ltd. 浙江慶茂紡織印染有限公司	Mainland China 中國內地	Manufacturing of cotton and cotton blend yarns, greige, dyed and finished woven fabrics 製造純棉以及混棉紗線、坯布、 染整梭織面料

Gains arising from negative goodwill was mainly due to the fact that the Vendors had the intention to cooperate with a leading textile enterprise, which is experienced in overseas markets and vertical integration of industry chain, and bring in industry expertise.

With the acquisition of the Target Group, the Board believes that the Group will be able to increase its annual production capacity in woven garment fabric. This combination will allow quality-driven flexibility to the fast-paced apparel and technical workwear businesses and will create synergy benefits for the Group by leveraging on the well-established customer base and brand reputation of the Target Group. The Group’s capability to produce high quality woven garment fabrics in the PRC, Vietnam and Nicaragua and its profitability will be significantly enhanced.

The Group recognized gains of RMB209,019,000 from the acquisition primarily arising from fair value gains on the underlying land and buildings and the gains are included in ‘other gains/(losses) — net’ in the consolidated income statement for the year ended 31 December 2019.

### 35. 業務合併

於二零一九年四月一日，本集團向Winnitex Group Limited及慶業中國控股有限公司（「賣方」）收購及最終持有一組公司的80%權益。本集團首先以人民幣1,122,940,000元之總代價向賣方收購慶業控股有限公司、慶業有限公司及浙江慶茂紡織印染有限公司（「目標集團」）的全部權益，且其後將目標集團連同已協定之本集團越南及尼加拉瓜面料業務併入由天虹慶業控股有限公司（「天虹慶業」）持有之擴大面料業務（「擴大面料業務」）。同時，賣方向天虹慶業注入人民幣416,165,000元資金以收購擴大面料業務之20%權益。

有關目標集團的詳情載列如下：

負商譽產生的收益主要是因為賣方有意與一間在海外市場及產業鏈垂直整合方面具豐富經驗的領先紡織企業合作以獲取行業專業技能而產生。

隨著收購目標集團，董事會相信本集團梭織面料之年產能將會增加。以上種種因素有助我們具備以品質為主之靈活彈性應對步伐急速之服裝及技術工作服業務，並藉著目標集團之龐大客戶群及品牌聲譽，為本集團帶來協同效益。本集團於中國、越南及尼加拉瓜生產高質素梭織面料之能力及其盈利能力將會顯著上升。

本集團自該等收購事項確認收益人民幣209,019,000元，主要來自相關土地及樓宇之公平值收益，有關收益已計入截至二零一九年十二月三十一日止年度之綜合收益表「其他收益／（虧損）—淨額」內。

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### 35. BUSINESS COMBINATIONS (Continued)

The details of the fair value of assets acquired, liabilities assumed at the acquisition date of the acquisition is summarized on an aggregate basis as follows:

### 35. 業務合併(續)

於收購事項之收購日期，已收購資產及所承擔負債公平值總數之詳情概述如下：

		Fair value at acquisition date 收購日期之公平值 RMB'000 人民幣千元
<b>Total consideration:</b>	<b>總代價：</b>	
— Cash	— 現金	1,122,940
— 20% interests of Vietnam and Nicaragua business	— 越南及尼加拉瓜業務的20%權益	110,881
		<b>1,233,821</b>
<b>Recognised amounts of identifiable assets acquired and liabilities assumed (100% of Target Group)</b>	<b>所收購可識別資產及所承擔負債之已確認 金額(目標集團100%權益)</b>	
Cash and cash equivalents	現金及現金等值物	446,154
Property, plant and equipment (Note 7)	物業、廠房及設備(附註7)	527,148
Right-of-use assets (Note 8)	使用權資產(附註8)	191,842
Deferred income tax assets	遞延所得稅資產	894
Inventories	存貨	441,191
Trade and bills receivables	應收貿易及票據款項	143,314
Prepayments, deposits and other receivables	預付款項、按金及其他應收賬款	41,102
Trade and bills payables	應付貿易及票據款項	(89,939)
Accruals and other payables	預提費用及其他應付款項	(197,203)
Income tax payables	應付所得稅	(24,042)
Contract liabilities	合約負債	(8,673)
Lease liabilities	租賃負債	(712)
Deferred income tax liabilities	遞延所得稅負債	(83,691)
<b>Total identifiable net assets</b>	<b>可識別資產總額淨值</b>	<b>1,387,385</b>
Capital injection from non-controlling shareholders	非控股股東注資	416,165
		1,803,550
Non-controlling interests' 20% share	非控制性權益的20%份額	(360,710)
Gains on acquisition (Note 26)	收購產生的收益(附註26)	(209,019)
		<b>1,233,821</b>
Cash and cash equivalents in subsidiaries acquired	於所收購附屬公司之現金及現金等值物	446,154
Capital injection in cash from non-controlling shareholders	非控股股東的現金注資	416,165
Consideration for acquisition settled in cash	收購事項以現金結付之代價	(1,122,940)
Cash paid on acquisition	就收購事項支付之現金	(260,621)

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 35. BUSINESS COMBINATIONS (Continued)

Acquisition related costs of RMB890,000 have been charged to administrative expenses in the consolidated income statement for the year ended 31 December 2019.

The revenue included in the consolidated income statement from 1 April 2019 to 31 December 2019 contributed by the bundled companies was RMB1,210,399,000. The bundled companies also made profit of RMB152,263,000 over the same period.

Had the bundled companies been consolidated from 1 January 2019, the consolidated income statement would show pro-forma revenue of RMB22,381,757,000 and profit of RMB974,039,000.

### 36. COMMITMENTS

Capital expenditures at the balance sheet date that have not been incurred are as follows:

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Property, plant and equipment	物業、廠房及設備		
Contracted but not provided for	已訂約但未撥備	178,282	591,010
Authorised but not contracted for	已授權但未訂約	-	780,177
<b>Total capital expenditure commitments</b>	<b>資本開支承擔總額</b>	<b>178,282</b>	<b>1,371,187</b>

As at 31 December 2019, the capital expenditure commitments for property, plant and equipment mainly represent the expansion plan and investment budget in Mainland China of RMB39,202,000, in Vietnam of RMB87,161,000, in Nicaragua of RMB9,157,000 and in Mexico of RMB42,762,000.

### 35. 業務合併(續)

收購事項相關成本人民幣890,000元已於截至二零一九年十二月三十一日止年度的綜合收益表之行政開支中扣除。

自二零一九年四月一日至二零一九年十二月三十一日，由該組公司所貢獻之已計入綜合收益表的收入為人民幣1,210,399,000元。該組公司亦於同期錄得溢利人民幣152,263,000元。

倘該組公司自二零一九年一月一日起綜合入賬本集團，綜合收益表將錄得備考收入人民幣22,381,757,000元及溢利人民幣974,039,000元。

### 36. 承擔

於結算日的資本開支(但未產生)如下：

於二零一九年十二月三十一日，物業、廠房及設備的資本開支承擔主要代表在中國大陸、越南、尼加拉瓜及墨西哥的擴充計劃及投資預算，分別為人民幣39,202,000元、人民幣87,161,000元、人民幣9,157,000元和人民幣42,762,000元。

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### 37. RELATED-PARTY TRANSACTIONS

Related parties are those as defined under Hong Kong Accounting Standard 24 and include key management of the Group. General speaking, parties are considered to be related if one party has the ability, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control.

The Group is controlled by New Green Group Limited (incorporated in BVI), which directly and indirectly owns 59.5% of the Company's shares. The remaining 40.5% of the shares are widely held. The ultimate parent of the Group is Texhong Group Holdings Limited (incorporated in Cayman Islands). The ultimate controlling party of the Group is Mr. Hong Tian Zhu.

The related parties that had business transactions with the Group are as follows:

### 37. 與關聯方的交易

關聯方為香港會計準則第24號所定義者，並且包括本集團主要管理層。大致而言，倘其中一方能直接或間接控制另一方或在財務及營運決定方面對另一方行使重大影響力，則被視為關聯方。倘彼等受共同控制，亦被視為關聯方。

本集團由 New Green Group Limited (於英屬處女群島註冊成立) 控制，其直接及間接擁有本公司股份之 59.5%。本公司股份餘下之 40.5% 被廣泛持有。本集團之最終母公司為 Texhong Group Holdings Limited (於開曼群島註冊成立)。本集團之最終控制方為洪天祝先生。

與本集團進行交易的關聯方如下：

Name of related party 關聯方名稱	Relationship with the Group 與本公司關係
Nantong Textile Group Co., Ltd. 南通紡織控股集團紡織染有限公司	Associated company 聯營公司
Texhong Tan Cang Logistics Joint Stock Company 天虹新港物流股份公司	Joint venture 合營企業
Texhong Industrial Park Vietnam Limited 天虹工業園區越南有限公司	A company controlled by the chairman of the Group 由本集團主席所控制之公司
Hualida (Vietnam) Garments Limited Company 華利達(越南)服裝責任有限公司	Associated company 聯營公司



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### 37. RELATED-PARTY TRANSACTIONS (Continued)

#### (a) Transactions with related parties

### 37. 與關聯方的交易(續)

#### (a) 與關聯方的交易

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Sales of goods	銷售貨品		
— Hualida (Vietnam) Garments Limited Company	— 華利達(越南)服裝責任有限公司	4	1,898
— Nantong Textile Group Co., Ltd.	— 南通紡織控股集團紡織染有限公司	—	16,809
		4	18,707
Purchases of land use rights	購買土地使用權		
— Texhong Industrial Park Vietnam Limited	— 天虹工業園區越南有限公司	105,418	133,707
Purchases of goods	購買貨品		
— Nantong Textile Group Co., Ltd.	— 南通紡織控股集團紡織染有限公司	852	17,505
— Hualida (Vietnam) Garments Limited Company	— 華利達(越南)服裝責任有限公司	702	9,311
		1,554	26,816
Purchases of utilities	購買動力及燃料		
— Texhong Industrial Park Vietnam Limited	— 天虹工業園區越南有限公司	199,975	129,173
Purchases of services	購買服務		
— Texhong Tan Cang Logistics Joint Stock Company	— 天虹新港物流股份公司	44,054	51,411

In the opinion of the Company's directors and the Group's management, the above related party transactions were carried out in the ordinary course of business, and in accordance with the terms of the underlying agreements and/or the invoices issued by the respective parties.

本公司董事及本集團的管理層認為上述與關聯方的交易乃於日常業務過程並且根據相關協議的條款及/或由有關各方發出的發票進行。

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### 37. RELATED-PARTY TRANSACTIONS (Continued)

#### (b) Balance with related parties

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Trade receivables	應收貿易款項		
— Nantong Textile Group Co., Ltd.	— 南通紡織控股集團紡織染有限公司	—	3,147
— Hualida (Vietnam) Garments Limited Company	— 華利達(越南)服裝責任有限公司	—	1,984
		—	5,131
Trade payables	應付貿易款項		
— Texhong Industrial Park Vietnam Limited	— 天虹工業園區越南有限公司	8,054	3,751
— Texhong Tan Cang Logistics Joint Stock Company	— 天虹新港物流股份公司	5,920	2,106
— Nantong Textile Group Co., Ltd.	— 南通紡織控股集團紡織染有限公司	1	—
— Hualida (Vietnam) Garments Limited Company	— 華利達(越南)服裝責任有限公司	—	14
		13,975	5,871

#### (c) Key management compensation

#### (c) 主要管理層薪酬

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Salaries, wages and bonuses	薪金、工資及花紅	18,195	20,646
Pension costs — defined contribution plan	退休金成本 — 界定供款計劃	619	364
Other benefits	其他福利	71	77
		18,885	21,087

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### 38. EVENTS OCCURRING AFTER THE REPORTING PERIOD

After the outbreak of Coronavirus Disease 2019 (“COVID-19 outbreak”) in early 2020, a series of precautionary and control measures have been and continued to be implemented across the country/region. The Group’s factories in China have gradually resumed production since 10 February 2020 and implemented strict internal management to implement epidemic prevention work. Based on the Group’s assessments on the market and economic environments in which the Group operates in, the Company expects that the impact of COVID-19 on the Group’s production and operation is temporary. The Group will pay close attention to the development of the COVID-19 outbreak and evaluate its impact on the financial position and operating results of the Group. As at the date on which this set of financial statements were authorised for issue, the Group was not aware of material adverse effects on the financial statements as a result of the COVID-19 outbreak.

### 38. 報告期後事項

於二零二零年初爆發二零一九新型冠狀病毒(「COVID-19疫情」)之後，全國／地區已經並繼續實施一系列防控措施。本集團在中國的工廠自二零二零年二月十日起逐步恢復生產，並已實施嚴格的內部管理以進行防疫工作。根據本集團對本集團經營所在市場和經濟環境的評估，本公司預計COVID-19對本集團生產和經營的影響屬暫時性。本集團將密切關注COVID-19疫情的發展，並評估其對本集團財務狀況和經營業績的影響。於授權刊發此等財務報表之日，就本集團所知，COVID-19疫情並無對以此等財務報表造成重大不利影響。

### 39. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

#### (a) Balance sheet of the Company

### 39. 本公司之資產負債表及儲備變動

#### (a) 本公司的資產負債表

		As at 31 December 於十二月三十一日	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
<b>ASSETS</b>	<b>資產</b>		
<b>Non-current assets</b>	<b>非流動資產</b>		
Property, plant and equipment	物業、廠房及設備	25	28
Investments in subsidiaries	於附屬公司的投資	6,367,604	4,836,603
Other non-current assets	其他非流動資產	–	236,102
		<b>6,367,629</b>	<b>5,072,733</b>
<b>Current assets</b>	<b>流動資產</b>		
Trade and bills receivables	應收貿易及票據款項	–	14,953
Prepayments, deposits and other receivables	預付款項、按金及其他應收賬款	32,231	33,094
Due from subsidiaries	應收附屬公司款項	2,111,213	3,107,245
Derivative financial instruments	衍生金融工具	94,306	60,009
Cash and cash equivalents	現金及現金等值物	27,669	19,740
		<b>2,265,419</b>	<b>3,235,041</b>
<b>Total assets</b>	<b>資產總值</b>	<b>8,633,048</b>	<b>8,307,774</b>

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### 39. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (Continued)

#### (a) Balance sheet of the Company (Continued)

### 39. 本公司之資產負債表及儲備變動(續)

#### (a) 本公司的資產負債表(續)

		As at 31 December 於十二月三十一日	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
<b>EQUITY</b>	<b>股東權益</b>		
<b>Equity attributable to owners of the Company</b>	<b>本公司擁有人應佔權益</b>		
Share capital: nominal value	股本：面值	96,709	96,709
Share premium	股份溢價	433,777	433,777
Other reserves	其他儲備	193,615	193,317
Retained earnings	保留溢利	1,519,993	1,574,817
<b>Total equity</b>	<b>權益總值</b>	<b>2,244,094</b>	<b>2,298,620</b>
<b>LIABILITIES</b>	<b>負債</b>		
<b>Non-current liabilities</b>	<b>非流動負債</b>		
Borrowings	借貸	4,149,194	3,902,769
		<b>4,149,194</b>	<b>3,902,769</b>
<b>Current liabilities</b>	<b>流動負債</b>		
Bills payable	應付票據款項	82,312	1,430,247
Accruals and other payables	預提費用及其他應付賬款	16,337	15,075
Due to subsidiaries	應付附屬公司款項	16,720	18,577
Borrowings	借貸	2,124,391	639,815
Derivative financial instruments	衍生金融工具	—	2,671
		<b>2,239,760</b>	<b>2,106,385</b>
<b>Total liabilities</b>	<b>總負債</b>	<b>6,388,954</b>	<b>6,009,154</b>
<b>Total equity and liabilities</b>	<b>總權益及負債</b>	<b>8,633,048</b>	<b>8,307,774</b>

The balance sheet of the Company was approved by the Board of Directors on 16 March 2020 and was signed on its behalf by:

本公司資產負債表已於二零二零年三月十六日獲董事會批准，並由下列董事代表董事會簽署：

Hong Tianzhu  
Director

Zhu Yongxiang  
Director

洪天祝  
董事

朱永祥  
董事

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### 39. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (Continued)

#### (b) Reserve movement of the Company

		Other reserves 其他儲備 RMB'000 人民幣千元	Retained earnings 保留溢利 RMB'000 人民幣千元
At 1 January 2018	於二零一八年一月一日	192,817	1,019,227
Profit for the year	年度溢利	—	895,852
Employee share option scheme	僱員購股權計劃	500	—
Dividend relating to 2017	二零一七年之股息	—	(156,160)
Dividend relating to 2018	二零一八年之股息	—	(184,102)
At 31 December 2018	於二零一八年十二月三十一日	193,317	1,574,817
At 1 January 2019	於二零一九年一月一日	193,317	1,574,817
Profit for the year	年度溢利	—	252,342
Employee share option scheme	僱員購股權計劃	298	—
Dividend relating to 2018	二零一八年之股息	—	(158,936)
Dividend relating to 2019	二零一九年之股息	—	(148,230)
At 31 December 2019	於二零一九年十二月三十一日	193,615	1,519,993

### 39. 本公司之資產負債表及儲備變動(續)

#### (b) 本公司之儲備變動

### 40. BENEFITS AND INTERESTS OF DIRECTORS

#### (a) Directors' and chief executive's emoluments

The Group does not have a chief executive who is not also a director of the Company.

The remuneration of every director is set out below:

For the year ended 31 December 2019, emoluments paid or payable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking:

### 40. 董事福利及權益

#### (a) 董事及行政總裁酬金

本集團沒有不同時為本公司董事的行政總裁。

應付予每位董事的酬金如下：

截至二零一九年十二月三十一日止年度，就個人擔任董事提供服務(不論本公司或其附屬公司)已付或應付酬金：

Name of Director 董事姓名	Fees 袍金 RMB'000 人民幣千元	Salaries 薪金 RMB'000 人民幣千元	Discretionary bonuses 酌情花紅 RMB'000 人民幣千元	Housing allowance 住屋津貼 RMB'000 人民幣千元	Estimated money value of other benefits 其他福利之估計價值 RMB'000 人民幣千元	Employer's contribution to benefit scheme 僱主福利計劃供款 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Executive Directors: 執行董事：							
Hong Tianzhu 洪天祝	—	1,009	1,577	—	—	1	2,587
Zhu Yongxiang 朱永祥	—	845	—	—	—	16	861
Tang Daoping 湯道平	—	1,053	3,825	—	19	98	4,995
Hui Tsz Wai 許子慧	—	3,386	161	—	—	339	3,886
Ji Zhongliang 吉忠良	—	1,608	765	—	26	59	2,458
Independent non-executive Directors: 獨立非執行董事：							
Ting Leung Huel, Stephen 丁良輝	269	—	—	—	—	—	269
Cheng Longdi 程隆棟	134	—	—	—	—	—	134
Tao Xiaoming 陶肖明	161	—	—	—	—	—	161
	564	7,901	6,328	—	45	513	15,351

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### 40. BENEFITS AND INTERESTS OF DIRECTORS

(Continued)

#### (a) Directors' and chief executive's emoluments

(Continued)

For the year ended 31 December 2018, emoluments paid or payable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking:

Name of Director 董事姓名	Fees 袍金	Salaries 薪金	Discretionary bonuses 酌情花紅	Housing allowance 住屋津貼	Estimated money value of other benefits 其他福利之 估計價值	Employer's contribution to benefit scheme 僱主福利 計劃供款	Total 總計
	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Executive Directors: 執行董事：							
Hong Tianzhu 洪天祝	–	1,009	1,836	–	–	1	2,846
Zhu Yongxiang 朱永祥	–	587	960	–	16	16	1,579
Tang Daoping 湯道平	–	1,045	4,500	–	16	16	5,577
Hui Tsz Wai 許子慧	–	3,312	307	–	–	331	3,950
Ji Zhongliang 吉忠良	–	888	900	–	22	–	1,810
Independent non-executive Directors: 獨立非執行董事：							
Ting Leung Huel, Stephen 丁良輝	263	–	–	–	–	–	263
Cheng Longdi 程隆棣	131	–	–	–	–	–	131
Tao Xiaoming 陶肖明	158	–	–	–	–	–	158
	552	6,841	8,503	–	54	364	16,314

### 40. 董事福利及權益(續)

#### (a) 董事及行政總裁酬金(續)

截至二零一八年十二月三十一日止年度，就個人擔任董事提供服務(不論本公司或其附屬公司)已付或應付酬金：

#### (b) Directors' retirement and termination benefits

None of the directors received or will receive any retirement benefits or termination benefits during the year.

#### (c) Consideration provided to third parties for making available directors' services

The Group did not pay consideration to any third parties for making available directors' services during the year.

#### (d) Information about loans, quasi-loans and other dealings in favour of directors, bodies corporate controlled by or entities connected with such directors

No loans, quasi-loans and other dealings were made available in favour of directors, bodies corporate controlled by or entities connected with such directors subsisted at the end of the year or at any time during the year.

#### (b) 董事退任及終止僱用福利

年內，概無董事曾或將獲得任何退任福利或終止僱用福利。

#### (c) 就提供董事服務向第三方提供之代價

年內，本集團概無就提供董事服務向任何第三方支付之代價。

#### (d) 有關以董事、其受控法團或其關連實體為受益人之貸款、準貸款及其他交易的資料

概無於年末或年內任何時間存在之以董事、其受控法團或其關連實體為受益人之貸款、準貸款及其他交易。



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### 40. BENEFITS AND INTERESTS OF DIRECTORS

(Continued)

#### (e) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

### 41. PRINCIPAL SUBSIDIARIES

The following is a list of the Group's principal subsidiaries, all of which are unlisted, at 31 December 2019:

### 40. 董事福利及權益(續)

#### (e) 董事於交易、安排或合約之重大權益

本公司概無訂立與本集團業務有關，而本公司董事直接或間接擁有重大權益且於年末或年內任何時間存在之重大交易、安排及合約。

### 41. 主要附屬公司

下表列示本集團於二零一九年十二月三十一日的重大附屬公司(均為非上市)：

Name of subsidiary 附屬公司名稱	Place and date of incorporation and form of legal entity 註冊成立地點及日期及法律實體類別	Principal activities and place of operations 主要業務及營運地點	Particulars of issued share capital or paid-in capital 已發行股本或繳入的股本詳情	Interest held 所持權益
<b>Directly held:</b> 直接持有：				
Texhong Textile Holdings Limited 天虹紡織控股有限公司	British Virgin Islands 26 May 2004, limited liability company 英屬處女群島 二零零四年五月二十六日， 有限責任公司	Investment holding in British Virgin Islands 於英屬處女群島投資控股	100 ordinary shares of USD1 each 100股每股1美元 普通股	100%
Sunray International Holdings Limited 新銳國際控股有限公司	British Virgin Islands 21 January 2005, limited liability company 英屬處女群島 二零零五年一月二十一日， 有限責任公司	Investment holding in British Virgin Islands 於英屬處女群島投資控股	1 ordinary share of USD1 each 1股每股1美元普通股	100%
Texhong Vietnam Investment Limited 天虹越南投資有限公司	British Virgin Islands, 6 September 2006, limited liability company 英屬處女群島 二零零六年九月六日， 有限責任公司	Investment holding in British Virgin Islands 於英屬處女群島投資控股	50,000 ordinary shares of USD1 each 50,000股每股1美元 普通股	100%
Prosperous Time Holdings Limited 好景創投有限公司	British Virgin Islands, 12 May 2015, limited liability company 英屬處女群島 二零一五年五月十二日， 有限責任公司	Investment holding in British Virgin Islands 於英屬處女群島投資控股	USD1 1美元	100%
Texhong Winnitex Holdings Limited 天虹慶業控股有限公司	British Virgin Islands, December 2018, limited liability company 英屬處女群島 二零一八年十二月， 有限責任公司	Investment holding in British Virgin Islands 於英屬處女群島投資控股	USD1 1美元	100%

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### 41. PRINCIPAL SUBSIDIARIES (Continued)

### 41. 主要附屬公司(續)

Name of subsidiary 附屬公司名稱	Place and date of incorporation and form of legal entity 註冊成立地點及日期及法律實體類別	Principal activities and place of operations 主要業務及營運地點	Particulars of issued share capital or paid-in capital 已發行股本或繳入的股本詳情	Interest held 所持權益
<b>Indirectly held:</b> 間接持有：				
Jiangsu Century Texhong Textile Co., Ltd. 江蘇世紀天虹紡織有限公司	Xuzhou, Mainland China, 6 June 2000, limited liability company 中國徐州 二零零零年六月六日， 有限責任公司	Manufacturing and sales of yarns, grey fabrics, dyed clothes and dress; processing of cotton in Mainland China 於中國大陸製造及銷售 紗線、坯布、染布及 服裝；棉花加工	USD15,000,000 15,000,000 美元	100%
Nantong Century Texhong Textile Co., Ltd. 南通世紀天虹紡織有限公司	Nantong, Mainland China, 7 June 2002, limited liability company 中國南通 二零零二年六月七日， 有限責任公司	Manufacturing and sales of yarns, grey fabrics and dyed fabrics in Mainland China 於中國大陸製造及銷售 紗線、坯布及染布	USD5,500,000 5,500,000 美元	100%
Xuzhou Texhong Yinfeng Textile Co., Ltd. 徐州天虹銀豐紡織有限公司	Xuzhou, Mainland China, 12 May 2004, limited liability company 中國徐州 二零零四年五月十二日， 有限責任公司	Manufacturing and sales of yarns, grey fabrics, clothes and dyed fabrics in Mainland China 於中國大陸製造及銷售 紗線、坯布、布料 及染布	USD7,800,000 7,800,000 美元	100%
Xuzhou Texhong Times Textile Co., Ltd. 徐州天虹時代紡織有限公司	Xuzhou, Mainland China, 29 December 2004, limited liability company 中國徐州 二零零四年十二月二十九日， 有限責任公司	Manufacturing and sales of top-grade yarns, thread, grey fabrics, textile knitting products, and garments in Mainland China 於中國大陸製造及銷售 高級紗線、線、坯布、 紡織與織造產品及成衣	USD43,000,000 43,000,000 美元	100%
Texhong (China) Investment Co., Ltd. 天虹(中國)投資有限公司	Shanghai, Mainland China, 21 June 2005, Limited liability company 中國上海 二零零五年六月二十一日， 有限責任公司	Investment holding and trading of textile products in Mainland China 投資控股及於中國大陸 買賣紡織產品	USD100,000,000 100,000,000 美元	100%
Xuzhou Texhong Yinlian Textile Co., Ltd. 徐州天虹銀聯紡織有限公司	Xuzhou, Mainland China, 30 March 2006, limited liability company 中國徐州 二零零六年三月三十日， 有限責任公司	Manufacturing top-grade yarns, thread, grey fabrics, dresses, in Mainland China 於中國大陸製造高級 紗線、線、坯布及服裝	USD20,500,000 20,500,000 美元	100%

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### 41. PRINCIPAL SUBSIDIARIES (Continued)

### 41. 主要附屬公司(續)

Name of subsidiary 附屬公司名稱	Place and date of incorporation and form of legal entity 註冊成立地點及日期及法律實體類別	Principal activities and place of operations 主要業務及營運地點	Particulars of issued share capital or paid-in capital 已發行股本或繳入的股本詳情	Interest held 所持權益
Sunray Macao Commercial Offshore Limited 新睿澳門離岸商業服務有限公司	Macao, 19 December 2005, limited liability company 澳門 二零零五年十二月十九日， 有限責任公司	Trading in Macao 於澳門貿易	MOP\$100,000 100,000 澳門幣	100% 100%
Changzhou Texhong Textile Co., Ltd. 常州天虹紡織有限公司	Changzhou, Mainland China, 1 January 1979, limited liability company 中國常州 一九七九年一月一日， 有限責任公司	Manufacturing and sales of textile, decoration and garment in Mainland China 於中國大陸製造及銷售 紡織品、飾品及成衣	RMB32,145,000 人民幣 32,145,000 元	100% 100%
Texhong Renze Textile Joint Stock Company 天虹仁澤紡織股份有限(越南)	Vietnam, 24 October 2006, limited liability company 越南 二零零六年十月二十四日， 有限責任公司	Manufacturing of yarn in Vietnam 於越南製造紗線	USD30,000,000 30,000,000 美元	100% 100%
Texhong Renze Technology Limited 天虹仁澤科技有限公司	Vietnam, 11 April 2013, limited liability company 越南 二零一三年四月十一日， 有限責任公司	Manufacturing of yarn in Vietnam 於越南製造紗線	USD9,850,000 9,850,000 美元	100% 100%
Weishan Texhong Technology Limited 微山天虹科技有限公司	Shandong, Mainland China, 12 April 2018 limited liability company 中國山東 二零一八年四月十二日， 有限責任公司	Manufacturing and sales of yarns in Mainland China 在中國大陸製造及 銷售紗線	RMB50,000,000 人民幣 50,000,000 元	100% 100%
Texhong Yinlong Technology Ltd. 天虹銀龍科技有限公司	Vietnam, 11 April 2012, limited liability company 越南 二零一二年四月十一日， 有限責任公司	Manufacturing of yarn in Vietnam 於越南製造紗線	USD40,000,000 40,000,000 美元	100% 100%
Shandong Texhong Textile Co., Ltd. 山東天虹紡織有限公司	Shandong, Mainland China, 1 May 2004, limited liability company 中國山東 二零零四年五月一日， 有限責任公司	Manufacturing and sales of yarns in Mainland China 於中國大陸製造及 銷售紗線	RMB700,000,000 人民幣 700,000,000 元	100% 100%
Texhong Galaxy Technology Limited 天虹銀河科技有限公司	Vietnam, 13 September 2014, limited liability company 越南 二零一四年九月十三日， 有限責任公司	Manufacturing of yarns, grey fabrics, garments and dyed fabrics in Vietnam 於越南製造紗線、 坯布、成衣及染布	USD120,000,000 120,000,000 美元	100% 100%

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### 41. PRINCIPAL SUBSIDIARIES (Continued)

### 41. 主要附屬公司(續)

Name of subsidiary 附屬公司名稱	Place and date of incorporation and form of legal entity 註冊成立地點及日期及法律實體類別	Principal activities and place of operations 主要業務及營運地點	Particulars of issued share capital or paid-in capital 已發行股本或繳入的股本詳情	Interest held 所持權益
Shandong Lanyan Textiles Co., Ltd. 山東蘭雁紡織服裝有限公司	Shandong, Mainland China, 21 August 2015, limited liability company 中國山東 二零一五年八月二十一日， 有限責任公司	Manufacturing of yarns, grey fabrics, garments in Shandong 於山東製造紗線、 坯布及成衣	USD3,000,000 3,000,000 美元	100% 100%
Changzhou Texhong Grand Textile Co., Ltd 常州天虹偉業紡織有限公司	Changzhou, Mainland China, August 2016, limited liability company 中國常州 二零一六年八月， 有限責任公司	Trading of yarns in Changzhou 於常州製造紗線	RMB131,528,883 人民幣 131,528,883 元	100% 100%
Foshan Ruhong Textile Co., Ltd. 佛山如虹紡織有限公司	Foshan, Mainland, China, August 2016, limited liability company 中國佛山 二零一六年八月， 有限責任公司	Manufacturing of yarns in Foshan 於佛山製造紗線	RMB20,072,400 人民幣 20,072,400 元	100% 100%
Shanghai Hongrun Textile Co., Ltd 上海虹潤貿易有限公司	Shanghai, Mainland China, 7 January 2009, limited liability company 中國上海 二零零九年一月七日， 有限責任公司	Trading of textile products in Mainland China 於中國大陸買賣紡織產	RMB5,000,000 人民幣 5,000,000 元	100% 100%
Taizhou Century Texhong Textile Co., Ltd. 泰州世紀天虹紡織有限公司	Taizhou, Mainland China, 23 April 2002, limited liability company 中國泰州 二零零二年四月二十三日， 有限責任公司	Manufacturing and sales of industrial-use textile products and top-grade blended-spinning in Mainland China 於中國大陸製造及銷售 工業用紡織品及 高端混紡品	USD13,000,000 13,000,000 美元	100% 100%
Xinjiang Texhong Foundation Textile Co., Ltd.* 新疆天虹基業紡織有限公司*	Xinjiang, Mainland China, 4 July 2015, limited liability company 中國新疆 二零一五年七月四日， 有限責任公司	Manufacturing of yarns in Xinjiang 於新疆製造紗線	RMB398,700,000 人民幣 398,700,000 元	90% 90%
Nantong Texhong Yinhai Industrial Co., Ltd. 南通天虹銀海實業有限公司	Nantong, Mainland China, 20 May 2004, limited liability company 中國南通 二零零四年五月二十日， 有限責任公司	Manufacturing and sales of garment, textile knitting products and yarns in Mainland China 於中國大陸製造及銷售 成衣、紡織產品及紗線	USD3,500,000 3,500,000 美元	100% 100%

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### 41. PRINCIPAL SUBSIDIARIES (Continued)

### 41. 主要附屬公司(續)

Name of subsidiary 附屬公司名稱	Place and date of incorporation and form of legal entity 註冊成立地點及日期及法律實體類別	Principal activities and place of operations 主要業務及營運地點	Particulars of issued share capital or paid-in capital 已發行股本或繳入的股本詳情	Interest held 所持權益
Shandong Lanyan Jeanswear Co., Ltd. 山東蘭雁牛仔服裝有限公司	Shandong, Mainland China, 21 August 2015, limited liability company 中國山東 二零一五年八月二十一日， 有限責任公司	Manufacturing of yarns, grey fabrics, garments in Shandong 於山東製造紗線、 坯布及成衣	USD1,000,000 1,000,000 美元	100% 100%
Taizhou Texhong Yintai Textile Co., Ltd. 泰州天虹銀泰紡織有限公司	Taizhou, Mainland China, 26 May 2006, limited liability company 中國泰州 二零零六年五月二十六日， 有限責任公司	Manufacturing top-grade garment and special textile for construction in Mainland China 於中國內地製造高級 成衣和特別紡織品	USD6,500,000 6,500,000 美元	100% 100%
Xuzhou Texhong Intelligence Textile Co., Ltd. 徐州天虹智慧紡織有限公司	Xuzhou, Mainland China, 25 May 2017, limited liability company 中國徐州 二零一七年五月二十五日， 有限責任公司	Manufacturing of yarns in Mainland China 於中國大陸製造紗線	USD100,000,000 100,000,000 美元	100% 100%
Hongan Textile (Huaian) Co., Ltd. 虹安紡織(淮安)有限公司	Huaian, Mainland China, 27 October 2017 limited liability company 中國淮安 二零一七年十月二十七日， 有限責任公司	Manufacturing and sales of yarns in Mainland China 於中國大陸製造及 銷售紗線	USD1,500,000 1,500,000 美元	100% 100%
Twin Dragon Marketing, Inc. Twin Dragon Marketing, Inc.	USA, incorporated company 美國，股份有限公司	Sales of denim fabrics and apparel 銷售牛仔面料及服裝	USD4,063,000 4,063,000 美元	65% 65%
Zhejiang Qing Mao Weaving, Dyeing & Printing Co., Ltd. 浙江慶茂紡織印染有限公司	Shaoxing, Mainland China, 1 October 2002 limited liability company 中國紹興 二零零二年十月一日， 有限責任公司	Manufacturing of cotton and cotton blend yarns, greige, dyed and finished woven fabrics 製造純棉以及混棉紗線、 坯布、染整梭織面料	USD51,000,000 51,000,000 美元	80% 80%
Winnitex Limited 慶業有限公司	Hong Kong, 24 January 2003, limited liability company 香港 二零零三年一月二十四日， 有限責任公司	Sales of woven garment fabrics 銷售梭織布	HKD1,000 1,000 港元	80% 80%

**41. PRINCIPAL SUBSIDIARIES (Continued)**

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

\* represents sino-foreign equity joint venture. All other subsidiaries established in Mainland China are wholly foreign owned enterprises.

Texhong (China) Investment Co., Ltd. is a wholly foreign owned investment holding company incorporated in Mainland China.

None of above subsidiaries had any loan capital in issue at any time during year ended 31 December 2019 (2018: None).

The English names of certain subsidiaries established in Mainland China represent the best effort by the Group's management to translate their Chinese names, as they do not have official English names.

**41. 主要附屬公司(續)**

上表載列董事認為主要影響本集團業績或資產的本集團附屬公司。董事認為提供其他附屬公司的資料將導致篇幅過於冗長。

\* 指中外合營企業，所有其他在中國大陸成立之附屬公司為全外資企業。

天虹(中國)投資有限公司為於中國大陸註冊成立之全外資投資控股公司。

截至二零一九年十二月三十一日止年度內任何時間，概無上述附屬公司擁有任何已發行借貸股本(二零一八年：零)。

若干於中國大陸成立之附屬公司並無正式英文名稱，其英文名稱為本集團管理層盡最大努力將其中文名稱翻譯為英文之版本。





